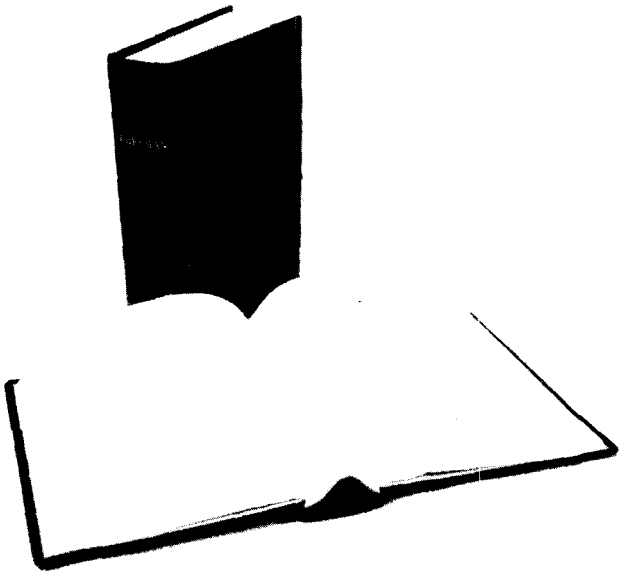
the Freeman

Ideas on Liberty

MARCH 1983

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED



the Freeman 1982

12 Issues in One Bound Volume

Only $7.00

Attractively sewn in a single volume with hard cover, the twelve issues from January through December—768 pages, fully indexed for handy reference to the latest literature on *freedom*.

Also available, the bound volumes for *1968* through *1981*, each year $7.00. ($5.50 each on orders for five or more.)

Order from **The Foundation for Economic Education**
Irvington-on-Hudson, New York 10533

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the Freeman
VOL. 33, NO. 3 • MARCH 1983

Illegal Aliens — **Hans F. Sennholz** — 131
Blaming illegal aliens for unemployment is to ignore the real causes.

A Legal System for a Free Society — **Bertel M. Sparks** — 135
The limits and functions of government to enhance freedom.

Where Figures Fail: Measuring the Growth of Big Government — **Robert Higgs** — 151
The creation and extension of governmental authority must be restrained at its source.

Free Enterprise in Space — **Gary McGath** — 157
Exciting prospects, despite obstacles thrown in the way by governments.

A Distant Voice Speaks to Us Today — **John K. Williams** — 162
Pericles' message to the people of Athens speaks of the problems plaguing us today.

Democratic Freedoms vs. Collectivist Newspeak — **Jack D. Douglas** — 169
One aspect of a moral strategy for achieving peace.

Capital, Deficits and Full Employment — **William R. Hawkins** — 175
How faulty theories warp political and economic conditions.

Maritime Subsidies: Overregulation — **Michael B. Cohn** — 182
A brief history of the American Merchant Marine.

Book Reviews: — 185
"The Businessman in American Literature" by Emily Stipes Watts
"The Case for Gold: A Minority Report of the U.S. Gold Commission" by Ron Paul and Lewis Lehrman
"Introduction to the Study of the Law of the Constitution" by A.V. Dicey
"The Portable Conservative Reader" edited by Russell Kirk

Anyone wishing to communicate with authors may send first-class mail in care of THE FREEMAN for forwarding.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the Freeman

A MONTHLY JOURNAL OF IDEAS ON LIBERTY

FOUNDATION FOR ECONOMIC EDUCATION
Irvington-on-Hudson, N.Y. 10533 **Tel: (914) 591-7230**
Leonard E. Read, *President*

Managing Editor: Paul L. Poirot
Production Editor: Beth A. Hoffman
Contributing Editors: Robert G. Anderson
Bettina Bien Greaves
Edmund A. Opitz (Book Reviews)
Brian Summers

THE FREEMAN is published monthly by the Foundation for Economic Education, Inc., a nonpolitical, nonprofit, educational champion of private property, the free market, the profit and loss system, and limited government.

The costs of Foundation projects and services are met through donations. Total expenses average $18.00 a year per person on the mailing list. Donations are invited in any amount. THE FREEMAN is available to any interested person in the United States for the asking. For foreign delivery, a donation is required sufficient to cover direct mailing cost of $5.00 a year.

Copyright, 1983. The Foundation for Economic Education, Inc. Printed in U.S.A. Additional copies, postpaid: 3 for $1.00; 10 or more, 25 cents each.

THE FREEMAN is available on microfilm from University Microfilms International, 300 North Zeeb Road, Ann Arbor, Mich. 48106.

Some articles available as reprints at cost; state quantity desired. Permission granted to reprint any article from this issue, with appropriate credit, except "Democratic Freedoms vs. Collectivist Newspeak."

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Hans F. Sennholz

ILLEGAL ALIENS

WITH *unemployment at chronically* high rates in nearly all countries, it is not surprising that the number of explanations and interpretations is on the rise. In less developed countries, we are told, the high birth rates and population growth rates exceed the ability of agriculture and industry to absorb the new population, with the result of increasing unemployment. In the industrial countries, where the rates of growth of population are much lower, the explanations cover a wide spectrum from the Marxian exploitation doctrine to the Keynesian inadequate-spending theory. In the United States, *the oldest explanation of them all is coming to the fore. Rooted in* the fear and resentment of foreigners, many of whom are illiterate and poor, more and more Americans are pointing at the newcomers as the cause of their difficulties. Labor leaders, especially, are quick to vilify "the illegal aliens" for the chronic unemployment that is plaguing organized labor.

Their explanation is almost 300 years old. The descendants of the original English settlers used it, viewing with alarm the influx of Germans and Scotch-Irish. And they in turn later protested the arrival of southern and eastern Europeans.

Their intellectual descendants now are pointing at millions of "illegal aliens" from Latin America who are blamed for our high unemployment rates, for lowering our enviable wage

Dr. Sennholz heads the Department of Economics at Grove City College in Pennsylvania. He is a noted writer and lecturer on economic, political and monetary affairs.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

rates, for corrupting our political and social institutions, and their reluctance to conform and "Americanize."

The estimate of some 8 million illegal aliens in the United States suggests a simple solution to our unemployment problem. Let us expel the 8 million aliens after we have inflicted appropriate punishment for illegal entry, and our chronic unemployment will cease to exist. Now every native American will cheerfully find his job.

In reality, unemployment is a cost phenomenon. There is always employment for anyone whose productivity exceeds his employment costs. And unemployment is awaiting anyone whose costs exceed his usefulness. This is true whether or not he is a citizen.

Rendering Useful Service

No one can possibly know how many illegal aliens actually have entered the United States. But we do know that they are earning a living through rendering services in agriculture, commerce and industry. You may find them in the fruit orchards of California, Oregon and Washington, on the farms and ranches of Arizona, Texas, Louisiana, and Mississippi, in the hotels and motels in our cities, and in other service industries from coast to coast. They are working because their services are useful and economical.

Eight million Americans are unemployed because their employment costs consisting of wages and social benefits exceed their usefulness. How would they become more productive and economical through expulsion of foreigners? Would a black teenager in New York City whose employment costs exceed $5 an hour (minimum wage $3.35 plus fringe benefits) and whose labor may be worth only $1, find employment more easily after a Latin chambermaid at the Park Hotel had been arrested and deported? The expulsion of eight million foreigners would not vacate eight million jobs for deserving Americans. In fact, it is likely to create even more unemployment.

Productive alien employees cannot forcibly be replaced by native labor that inflicts losses on employers. They can be removed and deported, which would withdraw useful labor, restrict service and production, inflict losses on employers, and thus cause a contraction of economic activity. The hotel and motel industry, for instance, would be severely hampered in service and capacity. The fruit orchards would harvest less fruit, which would cause prices to rise and the industry to contract. And the American people would suffer a significant reduction of living standards through the loss of wholesome fruit in their diets.

Economists readily admit that in a stagnant economy the influx of new labor, native or foreign, tends to re-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

duce wage rates. The given amount of capital is distributed over a greater number of workers, which reduces individual labor productivity and wage rates. But this admission does not apply to labor markets in which generous unemployment compensation, multiple benefits, and liberal foodstamps keep millions of workers from seeking employment. The institutional benefits that are creating the unemployment are not reduced when aliens illegally enter the United States.

Not Welfare Recipients

In constant fear of detection and deportation, few illegal aliens, if any, are seeking the social benefits that induce so many natives to prefer unemployment. There are no jobless benefits, no foodstamps, not even public assistance for illegal aliens. They live, and in many respects are like those old-fashioned Americans before the dawn of the New Deal and its redistribution programs.

While the fear of detection may prevent illegal aliens from collecting transfer benefits, it is more difficult to escape the taxes that are levied on labor. Surely, there are many who by arrangement with their employers pay neither income nor social security taxes. But this makes employers accomplices to illegal employment and tax evasion, which is a risk no large employer can possibly take. Therefore, it is likely that most illegal aliens suffer tax withholdings like anyone else. They are probably paying "their share" in the expenses of our social institutions.

And yet, illegal aliens stand accused of corrupting our political and social institutions, favoring political and social radicalism, agitating for more transfer programs, and so on. All of this may be true. But we wonder about the political and ideological dangers of a California fruitpicker or an Atlanta chambermaid who, in constant fear of detection and deportation, timidly inquires about membership in a labor union. Surely, every native newspaper publisher, editor, commentator, writer, or professor can be, and probably is, immeasurably more effective in propagating radical ideas than is an illiterate alien.

The illegal alien stands accused of refusing to conform and "Americanize." But he may be at a loss about the standard to which he is to conform and about the meaning of "Americanization." As there is no standard, and cannot be one in this nation of refugees from all corners of the world, he, the illegal alien from Latin America, must be acquitted of this charge. It must suffice that he conforms to the only standard of a civilized society, that he is a human being who was born with inalienable human rights.

The festering problem of illegal entry to the United States and the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

social agitation that is besieging an estimated 8 million illegal aliens concern us all. We must therefore reject old fallacies and seek amiable solutions. But such resolutions may be beyond the bounds of possibility in the present institutional setting.

It is futile to stem the human flood of immigrants with dikes of laws and regulations from the armory of the police state. If the causes that are generating the migration continue to be active, no fine or imprisonment of "illegals" or their American employers, no government-issued identification card or work permit can arrest it.

To confer citizenship to all illegal aliens may promptly add several million workers to the unemployment and public assistance rolls. To make the aliens legal is to subject them to the minimum wage law, the wage and hours legislation, and countless fringe regulations that boost labor costs and cause chronic unemployment. To make them legal, therefore, is to sever their productive employments and send them to their ethnic welfare centers, the metropolitan areas. Like many thousands of Puerto Ricans before them, many legal aliens would discover that, after all, there was no job for them in the country of opportunity. A few who would survive the purge following the bestowal of citizenship would be tempted by their newly acquired welfare eligibility to join their idle brethren in the cities. And once again, the farms and ranches, hotels and motels, and many other service industries would have to curtail their production because of lack of labor.

Nothing but the right can ever be expedient. In the cause of individual freedom, we must defend the rights of all people, including illegal aliens. But if the political rights of American citizenship entail the denial of the human right to work diligently for one's economic existence, and if we are forced to choose between the two, we must opt for the latter. The right to sustain one's life through personal effort and industry is a basic human right that precedes and exceeds all political rights. It is an inalienable right of all people, including illegal aliens.

For millions of European immigrants who reached our shores, the Statue of Liberty signaled the promise of personal liberty. As long as its torch is still burning we have no choice but to live by its light.

New Revised Edition
DEATH & TAXES
by Hans F. Sennholz
109 pages $5.95
Order from:
The Foundation for Economic Education
Irvington-on-Hudson, NY 10533

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Bertel M. Sparks

A LEGAL SYSTEM FOR A FREE SOCIETY

THE IDEA of a legal system for a free society might appear to be a contradiction of terms. The existence of a legal system implies that there are laws; there are rules of conduct; there is authority; there are penalties for disobedience. Law necessarily involves the application of some kind of force to some fellow human beings. That is the law's method of enforcing its rules, and without enforcement there is no law.

On the other hand, a free society tends to suggest an atmosphere of freedom, a freedom to follow one's own inclinations, a freedom to pursue one's own happiness without taking thought of the happiness of others, a freedom to act upon one's own desires regardless of what those desires might be, an absence of restraints.

Bertel M. Sparks is Professor of Law at Duke University School of Law, Durham, North Carolina.

The apparent contrast thus presented is a contrast between freedom and authority. And when presented in that form, not only do the two concepts appear to be mutually exclusive, but the free society appears more attractive than law. This even suggests the conclusion that the enhancement of freedom depends upon the curtailment of law, and that total freedom requires the total absence of law.

In spite of any apparent attractiveness the absence of law might have, it is doubtful if it offers a satisfactory route to a free society. If individuals are to be free there must be a system of law with power to prevent the violation of that freedom. From this it follows that if either freedom or law is absolute the other cannot exist. If the two are to be brought into harmony in order that both may survive, both must be

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

clearly defined and the limitations on each must be clearly understood.

There are almost as many definitions of law as there are lawyers. But when all these definitions are distilled and reduced to their most elementary forms, they all involve the application of force to fellow human beings. The method of the law is to place the power to use force in the hands of certain human beings in order that it may be used to prohibit, punish, or restrain certain kinds of action by other human beings. But a statement of that process fails to explain how the application of force by some human beings against other human beings can enhance the freedom of all, including even the persons being restrained. But unless that is its result, there is something wrong with the assertion that law is a preserver of freedom.

In Case of Conflict

A free society is sometimes defined as a society where individuals are free to act according to their own wishes. But that state of affairs cannot exist unless there are no conflicting wishes. And it is highly unlikely, as well as less than desirable, that the total absence of conflicting wishes could ever exist among humankind. If John wishes to kill Sam and Sam wishes to stay alive, it is impossible to carry out both of their wishes. In like manner, if both John and Sam wish to occupy exactly the same space as a home, either one or the other of them will be frustrated in his purpose.

Neither John nor Sam can enjoy any freedom that is not available to the other. If Sam's life is to be preserved, John's desire to kill Sam must be restrained. If Sam is to have any absolute right that his life will not be molested by John, it is necessary that he submit himself to an absolute guarantee that John's life will not be molested by Sam. If even minimum freedom is to be accorded to any individual, some system of restraint must be applied to those who are inclined to interfere with that freedom. No one can be free unless there is law and a government with power to enforce that law.

It should come as no surprise that the most frequently offered justification for the use of force by one human being against another is that it is necessary to the protection of freedom. It is a means of restraining one individual from interfering with the freedom of another. Probably the most frequently expressed fear of the use of force is that it might be used to enslave rather than to protect. And the experience of humankind is that it will be used to enslave unless the area for its permitted use is clearly understood and rigidly observed.

Since the method of the law is to employ a kind of organized force to prohibit, punish, or restrain certain kinds of human action, the problem

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

is one of developing a clear understanding of what human action must be prohibited, punished, or restrained and what human action must be protected. Just as the citizen must not be permitted to murder, steal, or perform other antisocial acts under the pretext of exercising his freedom, so must a government be restrained from enslaving its citizens under the pretext of exercising some proper governmental function. The solution of the problem lies in finding a workable concept of limited government. Almost everyone is willing to declare a belief in limited government, but very few are prepared to define limited government or to explain what limits should be employed.

The Limits of Government

Too often it is assumed that a government whose officials are chosen by the governed is a limited government, and that one whose officials are determined by heredity or other means where the citizens have less participation in the choice is not a limited government. Such a distinction is spurious at best and has very little, if anything, to do with the presence or absence of freedom. Systems of comparative freedom as well as systems of extreme tyranny have existed in monarchies, republics, democracies, and every other form of government the human mind has thus far been able to design.

The form doesn't seem to control the rules that are enforced. The significant limits that go into the making of a "limited government" are limits upon what the rulers may do rather than upon how they get their jobs. Too much emphasis upon how the rulers are chosen might even have a tendency to mislead the citizenry into a readiness to accept absolute tyranny so long as they are permitted to vote for the tyrant.

If the term "limited government" has any meaning at all, it must mean that there are limits upon the rules, restrictions, or restraints that may be enforced against individual human beings regardless of the form of the enforcing power. But that leaves open the question as to what those limits are. What standard should be applied to determine whether a particular restraint upon individual human action is within the limits permitted in a free society?

Approval of a proposed restraint by the ruling monarch, the elected officials, or even a majority of the citizens in a popular plebiscite is not necessarily sufficient justification for its application. There must be some external standard, some recognizable guide, by which a particular restraint might conceivably be found unacceptable in a free society regardless of the universality of its approval. Unless such a standard does exist, there is no freedom for the individual whose thoughts are not in

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

harmony with the thoughts of the majority. Such a predicament can hardly be described as the hallmark of a free society.

Since law is a form of organized force applied by one individual to restrain or control the conduct of another individual, its every action should be exposed to the most careful scrutiny of which the human mind is capable. There must be an answer to the question, "From whence comes the authority of one individual to use force to restrict or control the conduct of another and for what purpose may that force be applied?"

A Society Without Laws

The inquiry might begin with an examination of the possibility of a society without a legal system, a society where everyone is free to do his own thing. That would mean taking a look at what is sometimes portrayed as the romantic view that human life on earth began with a population of autonomous individuals freely roaming the countryside with each one gathering his fruits and capturing his game wherever and whenever he could find them. But on the doubtful assumption that such a period did in fact exist, its romantic aspect tends to fade when it is remembered how little it must have offered in the way of either material well-being or personal freedom.

There is little freedom for the individual when he is surrounded by other individuals who might take his life at any moment. Once primitive man had gathered his fruit or captured his game under these conditions, he had no assurance that he could eat his newly acquired provisions before they were snatched from him by an intruder. Whatever freedom he had, he was not free from attack. The defense of his person, like the defense of the possessions which he claimed as his own by virtue of his having taken possession of them, required that he be constantly on the alert. His freedom was limited by the dangers that were always around him and always ready to close in upon him if he allowed his attention to drift.

In such a society there was little inclination to gather more food than could be consumed on the spot. But in light of the existing conditions, that might not have been a particularly severe restriction. Primitive man was faced with more immediate problems. His primary concern was for survival, and his struggle for survival took most of his time. He was in a hostile world where almost everything he needed was in short supply. The food was there but it was not often in a form to be taken and eaten without effort. He obtained his bread by the sweat of his brow. Appropriate materials for clothing and housing were also present, but work was required to reduce them to pos-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

session and put them into usable form. Being without tools and compelled to rely upon the cunning and skill of his own body for defending his own life, capturing his food, and defending his food after it was captured, he had difficulty finding time for gathering more than the necessities of the day. The division of labor had not been discovered; the friendly neighborhood policeman had not arrived.

The Practice of Self-Defense

Even before primitive man had articulated any theory concerning his existence or his right to the earth's resources, his actions laid the foundation for a theory that has not been improved upon to this day. Long before he was able to formulate any justification for his action, the aboriginal was ready to fight back when he was pushed to the wall. He was ready to defend his own existence, his life. Without offering any definition of self-defense, he practiced self-defense. In like manner, once he had reduced the wild game, fruits, or other natural resources to possession, he didn't hesitate to defend his possession. He claimed the captured product as his own.

Future philosophers might explain that he had a right to defend his life simply because he was alive; he had a right to defend his prey because it was the product of his own labor. But primitive man offered no explanation, at least none that could be passed on to future generations. Whether it was a problem of defending his life or his property he didn't philosophize about his right to use force against his fellow creatures; he used force. He was in a harsh world and he acted accordingly. But there were limits.

As soon as he extended his use of force beyond the defense of his person and the defense of the goods he possessed as the fruit of his own labor, he found himself encroaching upon the person or the goods of some fellow creature. He met resistance. He learned that his fellow creatures claimed the same right to self-defense that he claimed for himself. And both he and they learned that if they were to improve their material well-being, or even survive, they had to find some way of defending their lives and their property.

The Division of Labor

In such a world the day must have arrived when, instead of being content with either climbing a tree in pursuit of his fruit or taking only what he could reach from the ground, somebody somewhere picked up a long pole, made a sweeping strike at the branches, and brought down a whole shower of fruit. That strike was more than a significant technological step forward in the use of tools. It brought with it a complex economic problem and an even more

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

complex legal problem. Here was a man with more food than he could possibly consume at one sitting. What could he do with it? Maybe he could trade it to someone else for skins he could use for clothing. But then there was the problem of protecting the goods while the lucky entrepreneur looked for customers. He needed some rules that could be enforced against intruders. Could he signal to other members of the family and begin the assignment of jobs? Maybe someone would guard the store while others continued to use the newly discovered club to gather more fruit with increased efficiency and still others would search for customers. The division of labor had been launched; the seeds of government were being sown.

As to whether a development ever took place in the precise manner just described, we can only guess. What we do know is that either it or some similar transaction did take place. There was a transition from an individualistic to a shared system for the acquisition of the necessities of life. A division of tasks and an elementary form of trade or barter did develop.

Private Property and Trade

A serious problem remained. A surplus of food in the hands of a producer, any producer, was a fortunate development. But the thought of using that surplus in trade was both revolutionary and dangerous. A search for customers meant revealing the existence of the surplus to an uncertain number of prospects. It was just possible that any one of these prospects might choose to get the merchandise by deception or force rather than by honest trade. A means of self-defense was still necessary. That defense had to extend to one's property as well as his person.

As long as each individual was compelled to look out for his own defense of both his person and his goods even while he continued his search for food, the time available for the search remained quite limited. And there was almost no time at all left for the development of improved methods of production, the designing and making of tools, or the doing of other things essential to the accumulation of another surplus.

Some advantage was gained when the head of the family assumed authority over the entire family group and began the assignment of duties and responsibilities within that group. A rudimentary form of organized self-defense was being born. What had been each individual's right *and responsibility* to provide for his own self-defense became an organized self-defense under the direction of the head of the family.

But this was a family of farmers. Their specialty was raising fruits and vegetables. Their limited practice of the division of labor within the fam-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ily group had taught them the advantages to be gained from such an arrangement. In order to develop their specialty more fully, they desired and needed a broader base of operations. They began a search for trade with other families specializing in the hunting of game, the making of clothes, or the supplying of other goods and services the farmers could use. But if such trade and such a division of labor was to succeed, each producer needed some assurance that his store of goods would be protected while he was waiting for buyers. He also needed some assurance that his contracts would be carried out and that both he and his family would be protected from violence. A need for someone who could be made responsible for the maintenance of order throughout the whole community became apparent.

An Organized Defense Mechanism

To meet that need, the social unit was extended beyond the family group to include the tribe or other intermediate organization and eventually the national state. Governments evolved and systems of law were established. Even that development occurred at such an early date that history is unable to record when or how it happened. Maybe it began with a group of individuals coming together to employ a guard, or a policeman if you like, for their mutual protection. Maybe it began when a particularly strong man with a unique skill for swinging a club offered to protect anyone who would submit himself to the strong man's control. The strong man provided protection while the person making the commitment gave services. The arrangement was beneficial to both parties.

As the strong man became more powerful, it is quite likely that there were times when he used force to enlarge his dominion to include even those who were unwilling to come in voluntarily. These and other theories have been put forward on many occasions and need not be restated here. Whatever the process by which the transition took place, and whether it occurred by voluntary or involuntary means, the significant thing is that a time did arrive when individuals and families gave up their responsibilities for their own self-defense and depended upon the organized defense mechanism of the appropriate social unit.

The individual still fought back to defend himself when set upon by intruders at a time when no policeman was available. But this was only in case of emergencies. Otherwise the exclusive right to use force upon other human beings was placed in the hands of government; and therein were planted the seeds of conflict, tyranny, and deprivation, as well as the seeds of peace, prosperity, and freedom. It all depended upon

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

whether the right to use force could be held within proper bounds.

Clothed with the exclusive right to use force, governments had the power to prevent murder, stealing, and other forms of violence, as well as to restrain deceit, perjury, the breaking of contracts, and other forms of antisocial behavior. An organized self-defense was substituted for what had been an individual, or at most a family, self-defense. With the protection afforded by this arrangement, the farmer, the hunter, the shoemaker, and other entrepreneurs were free to enter into trade with each other in comparative safety. Their contractual arrangements would be carried out and their stocks of goods would be protected. Specialties were developed, tools were improved, and the material well-being of all concerned was elevated.

Government as Plunderer

But what about the dangers? A government clothed with the exclusive right to use force against its citizens had power to use that force for the benefit of those in control of the government and to the detriment of those out of control. It could be used to enslave as well as to protect. And all this could arise from apparently good intentions.

The advantages of organized self-defense were so obvious that other temptations soon presented themselves. Why not use this organized force for humanitarian purposes? When fires, floods, droughts, and other fortuitous disasters struck one segment of the population, there was a tendency for those in power and possessing the exclusive right to use force for one purpose to use that force to seize the produce of the more fortunate citizens for the benefit of the less fortunate. It seemed the humane thing to do.

The apparent worthiness of purpose tended to obscure the fact that organized force was being used to seize the fruit of one person's labor for the benefit of another. The person whose goods were seized was having his substance plundered by the very government that was organized for his protection. If that process has the appearance of slavery, it should be remembered that slavery usually begins as a humanitarian enterprise. It is not often revealed for what it is, even to its own perpetrators, until its chains are securely fastened.

Distributing the Wealth

As the power of organized force began to be used as a means of redistributing the fruits of human labor, acts which would have been thievery and robbery if performed by individuals appeared to be humanitarian when done by an organized group of individuals. As soon as the product was routed through the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

hands of government, all parties concerned began to lose sight of nature's balance which from the beginning dictated that any time anyone received a benefit he did not earn someone else was deprived of a benefit he did earn. There could be no deviation from that principle; and when the transfer was effected by force, it made little difference to the victim whether the act of force was performed by an individual or by a group of individuals who were organized into a government. In either event the producer was deprived of the product of his labor without compensation.

What was even worse, when the crisis that produced the excuse for a government's engaging in such organized plunder had passed, there was little inclination on the part of those in control to relinquish their new-found power. Instead of surrendering the power to plunder, they tended to search for new ways to use the plunder. The most common approach was to enter upon a scheme for seizing the products of some of the more efficient producers for the benefit of the less efficient.

A program for the promotion of enforced equality was embarked upon without remembering that the only means of achieving that end was to use force to push everyone toward the standard of the most inefficient producer in the market place. That was always undertaken in the name of charity and good will. The fact was that such acts were the antitheses of both charity and good will. The bounty offered to the needy was being forcibly taken from persons who had earned it. For a time the citizenry, whether producers or non-producers, tended to believe the falsehood that was being perpetrated upon them. Eventually the more efficient producers began to wonder why they should continue their efforts if the product they produced was going to be seized for the benefit of those who failed to produce.

From Whence the Authority?

At that point there arose an inquiry into the source of the government's power. The more thoughtful citizens began to ask where the government got its power to enact laws designed to take property from the producer in order to reward the non-producer. Any serious consideration of that question led to a deeper question concerning the source of any power in any government to do anything.

When primitive man surrendered to his government the exclusive right to use force, what limits did he place upon the manner in which that force could be used? So far as anyone has yet discovered, there were no express limits whatever. However that may be, the haunting, or even frightening, question remained: Was the power surrendered to govern-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ment indeed without limits? If not, has it become so in practice? If there are limits, what are they? How can the limits be defined? What is limited government anyway? These are questions the advocates of freedom must answer. Furthermore, the answers must be clear and unequivocal.

The limits defining the extent to which organized force may be used by a government against its citizens are to be found through an examination of the self-enforcing limits upon the individual's use of force in defending himself prior to the existence of government. Primitive man's practice of self-defense had become commonplace long before any thought of a "right" of self-defense had entered his vocabulary. For him it was enough to know that a self-defense of some kind was essential to his survival. He had to defend both his person and his acquired possessions against hostile attack whether that attack came from the forces of nature or from fellow human beings. But it was left to John Locke and several centuries later for humanity to be offered a well-articulated philosophical basis for what had long been true in practice. Locke was not the first to give expression to the idea nor was he the last. But it was his *Two Treatises of Civil Government,* published in 1690, that provided one of the clearest statements of individual human rights and the function of civil government in the protection of those rights that has ever been written.

Life, Liberty and Property

Locke saw human life as a gift from the creator. From that he concluded that the giver of life gave a right to defend it. He also regarded the wealth of the world as being the bounty of all humankind in common. But since every individual had a right to the integrity of his own body, everyone had a right to the product of his body, the product of his own labor. Therefore, the individual could by his own labor, by exercising his own liberty, remove a thing from its state of nature and place it within his private domain. Once that was accomplished, he had a right to defend his possession just as he had a right to defend his life and his liberty to use his life in a manner pleasing to him, that is to say, he had a right to be let alone.

Although Locke stated his thesis in several different forms, it is often summarized as a declaration that every individual has a right to life, liberty, and property. The same doctrine is expressed in the American Declaration of Independence where it is expressly declared that all individuals have been endowed by their creator with the rights to "life, liberty, and the pursuit of happiness," and that these rights are "unalienable" (sic).

While expressed in different words,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the statement from Locke and the one from the Declaration of Independence appear to be identical in their meaning. Each of them means that every human being is entitled to life, a freedom to use that life as he wishes, and possession and enjoyment of all things acquired through the legitimate use of that life in the performance of his own work and labor. An analysis of these basic principles provides an incontrovertible definition of limited government.

Government Empowered to Defend

Locke used the Judaeo-Christian religious tradition, which was his religious background, as the reference point for his reasoning, but that tradition is not essential to the validity of his thesis. The thesis itself concerns the inherent right of every human being to defend his own life. That concept is applicable to every religious tradition or even the absence of any tradition at all.

Since the law is a form of organized force and since government is the instrumentality through which the law operates, the problem is one of defining the limits to the force that may rightfully be applied to individual human beings. It is a matter of identifying the boundaries within which organized force may be used to compel human action in a free society. Government is a human institution and possesses only such powers as it has received from individual human beings. It has no other source of power, and it cannot receive from individuals any right or power which the individuals did not have.

Primitive man used force against his fellow creatures when force was necessary to provide his own self-defense. When he surrendered to government the right to use the force in his behalf, he surrendered to government the right to use that same force to provide an organized self-defense. Organized self-defense was substituted for individual self-defense. The individual did not confer upon government any right to use the force for any other purpose. He did not because he could not; he could not because he didn't have that right in the first place.

The Use and Abuse of Force

As a human being the individual had a right to life. That included a right to defend that life, a right of self-defense. Such a right could not exist in any one person unless it existed in all persons. If any one individual used force against another human being for any purpose other than self-defense, he would be infringing upon that other person's right to life, liberty, or property. It would be an attempt to take from that other person an inalienable right.

This is not to say that primitive man never used force and violence against his fellow creatures in a

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

wrongful manner. So far as is known, a tendency toward excessive use of force for all kinds of purposes, both worthy and unworthy, were there from the beginning of human existence. At least the tendency was there from the time a certain crop farmer named Cain murdered a meat farmer named Abel as a means of settling a trade war between crop farmers and meat farmers. But any such excessive use of force was a wrongful act, not an act that could be exercised as a matter of right. And to characterize it as a wrongful act is far more than a value judgment arrived at by modern humanity. It was always wrong; and, in the nature of things, it can be demonstrated as being wrong.

Rights of Universal Applicability

In order for anything to be right as a matter of principle it has to be capable of universal application. It has to work. If Cain had an unqualified right to slay Abel without cause, it must be equally correct to say that Abel had an unqualified right to slay Cain without cause. To state such a proposition is to illustrate its self-contradictory aspect. The sound conclusion has to be that neither Cain nor Abel had any arbitrary right to slay the other, but that each of them had a right to life which entitled each of them to defend his own existence.

Abel's right to his own life entitled him to fight back against Cain's unprovoked attack if he had chosen to do so. Abel had a right to defend himself. Why he did not exercise that right is not known. The circumstances seem to indicate the likelihood that the attack came so quickly and with such finality that there was no opportunity for its exercise. In any event, the right itself was there; otherwise, there could be no right to life.

The individual's right to life included a right to use that life as he saw fit. He could work or play; travel or remain at home; study, learn, and improve his intellect or loaf and remain dull. This right to use one's life in a manner most pleasing to himself was identified by Locke as a right to liberty. Since every individual had a right to liberty, no individual could have a right to interfere with the liberty of another. Such interference provoked in the individual whose liberty was being curtailed a right of self-defense. The aggrieved party could fight back in defense of his own liberty. He had a right to liberty as well as a right to life in its more narrow or restricted sense.

The individual might use his liberty, his right to use his life in a manner pleasing to him, to capture game, gather fruits and berries, or otherwise extend his dominion over the available goods of the earth. When he did so, he removed the goods from the common storehouse and reduced them to his private owner-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ship. It was his right to life, his own person, his own labor, that gave him a right to claim that particular portion of the earth's bounty as his own. It was his because it was the product of his labor. No other person had a right to interfere with his ownership. His right to life plus his right to liberty in the use of that life combined to give him a right to the product of his own body. He had a right to defend that product of his life just as he had a right to defend life itself. He had a right to life, liberty, and property, thus completing the trilogy made famous by Locke long after it came into operation as a fact of common experience. The individual's right to self-defense was a right to defend and protect his life, his liberty, and his property.

A Self-Limiting Right

The exercise of the right of self-defense is the only circumstance in which any individual is entitled to use force against another individual. The right itself is a negative right, a right to fight back when one's life, liberty, or property is being molested or threatened. It does not include any right to take affirmative action against one's fellow creatures except when the action taken is in defense of these basic rights.

When Cain launched his physical attack upon Abel, he was in direct conflict with Abel's right to life. A similar right of self-defense would have been encountered if the attack had been upon Abel's liberty or his property. Thus it is that the right to use force in one's own defense is a self-limiting right. It is made self-limiting by its universal quality.

Since everyone has a right of self-defense, no one can have a right to play the role of an aggressor. The very law that gives everyone a right to use force in his own defense prohibits everyone from using force for any other purpose. Anyone who attempts to do so infringes upon the right of self-defense in someone else. The law of self-defense says thus far and no farther. And in making that assertion, it sets forth the boundaries of limited government.

Hiring a Policeman

If government exists for people, not people for government, then government can have only those powers it receives from the people. And people cannot confer upon or surrender to government any power which they do not have. As a primitive, uncivilized man, a fellow named Johnny might have stood alone in his struggle to defend and protect his life, his liberty, and his property. In doing so, Johnny was fighting for his own protection, his own freedom. The task was a difficult one. It consumed a major portion of Johnny's time and attention. It restricted the amount of time Johnny could devote to his search for food, clothing, shelter, or

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

other comforts of life. What is worse, anything Johnny acquired increased his burden of protecting and defending his possessions.

Under these circumstances, Johnny found it advantageous to join with all other Johnnys who were similarly situated in the organization of a protective agency of some sort to provide for their common defense. They were searching for ways to increase their freedom, their freedom to pursue their occupations rather than having to devote so much time to their defense. They established a system of organized force, that is to say, they hired a policeman. They surrendered to their newly created organization a right to use force for the protection of the whole community. Whether or not there were any express limitations upon the extent to which that organized force could be used against individual citizens is unimportant. The limits were set by the nature of the rights held by the individuals who surrendered them to the government in the first place. The only rights the individuals had to use force upon their fellow creatures were rights of self-defense.

The Uses of Government

The legal system appropriate for a free society would appear to be a system where the only laws are those designed to provide an organized self-defense for all citizens within its jurisdiction. Since the only purpose for which the individual had a right to use force against his fellow creatures was in the defense of his rights to life, liberty, and property, his government could not receive from him any right to use force for any wider purpose.

Any attempt by government to use force against a citizen for any purpose other than the defense of other citizens is a usurpation of power to perpetrate the very thing government was established to prevent. It is an invasion of the citizen's inalienable right to be let alone. Furthermore, it is incumbent upon any individual who claims any greater right for his government to set forth the source of the authority for the right claimed.

There might be situations where it is difficult to decide whether a particular law is in the interest of self-defense. A law denying carriers of communicable diseases access to public places might present such an example. So might a law prohibiting the building of houses in a manner to constitute fire hazards to neighboring structures. No doubt many other such examples can be expected to arise from time to time. But if there is agreement upon the meaning of limited government, ways can be found to solve these particular problems as they arise. That is the function of the courts.

The important thing is to main-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tain a known and workable standard. The law of organized self-defense founded upon the inherent right of individuals to defend their lives, their liberties, and their property provides that standard. It includes the right of society to restrain or prevent antisocial conduct, antisocial conduct being defined as any conduct that infringes upon the life, liberty, or property of any other person. These are defensive acts employed to prevent human behavior that is inconsistent with the freedom of others. They had their origin in the individual's right to self-defense. They are designed to preserve freedom. They derive their validity from their having been surrendered to government by individuals who claimed them as part of their inherent rights to life.

A More Efficient Procedure

The economic advantages of organized self-defense over individual self-defense were readily apparent as soon as the organized type was put to use. A comparatively few people armed with the exclusive right to use force could maintain the peace throughout an entire city, county, state, or other geographic area. Other citizens could devote their full time to the production of goods and services they could use in trading with each other to the mutual benefit of all concerned.

A division of labor where everyone tended to devote his best efforts to his chosen specialty began to develop. It did not arise from any planning committee, government agency, or any other group effort. It was the natural consequence of each individual doing what was in his own best interest within the confines of his not interfering with the life, liberty, or property of another. And the only thing that was in any individual's best interest within that restriction was to produce something or provide some service that someone else wanted at a price such other person was willing and able to pay.

So long as all trading was entirely voluntary, that is to say without government intervention by force, every trade was advantageous to both parties to the trade. Each party received something he wanted more than he wanted the thing he gave up; otherwise, there would be no trade. The skilled shoemaker could devote his time to the making of shoes without worrying about the prospect of having his goods plundered by an intruder before they were used. The neighbor next door might have been a farmer who was growing wheat. Surplus wheat could be traded for shoes to the mutual advantage of both parties. In such a society a skilled builder was likely to emerge who could offer to build houses for both the shoemaker and the farmer as a means of obtaining both his shoes and his bread. Other

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

specialties were developed and the division of labor became a way of life.

Progress through Freedom

The more complex and the more diversified the economic affairs of the society became, the more destructive were any efforts toward control or central planning. The key to continued improvement in the individual citizen's economic well-being was always and at every stage of development a freedom to make one's own choices. Where that freedom has been preserved, the standard of living for those at the lowest level of the economic scale has tended to increase at an accelerating rate.

But even if the economic advantages of organized self-defense did not exist, the continued importance of the doctrine could still be justified. It is the most effective instrument yet discovered for the protection of individual human rights. It recognizes law as being a system of organized force. In doing so it limits the use of that force to the protection of the individual's rights to life, liberty, and property. By prescribing these basic rights to be inviolate, it encompasses all those other concepts popularly referred to as "civil rights" but which tend to get lost when they are discussed without reference to the foundation upon which they all rest.

The boundary placed upon the use of force not only supplies a concrete and clearly understood definition of limited government; it also defines the function of government, a concept too often ignored! It prescribes that government exists for only one purpose. That purpose is to protect individuals in the exercise of their rights to life, liberty, and property. It demands that otherwise all people be let alone; or as Jefferson put it in his first inaugural address in 1801, ". . . a wise and frugal Government, which shall restrain men from injuring one another, shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned. This is the sum of good government."

IDEAS ON LIBERTY

Economic Reasoning

PROGRESS in economic reasoning largely consists in picking our way through a mine field of possible errors. In economics, as Ludwig von Mises once said to me in conversation, the truth lies along a knife-edge.

HENRY HAZLITT

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Robert Higgs

WHERE FIGURES FAIL: *Measuring the Growth of Big Government*

EVERYONE knows that government has grown, but no one knows exactly how much. Government has many dimensions, some of which defy precise measurement. Unfortunately, the most readily quantified dimensions are not necessarily the most important. One who restricted himself to an examination of the available quantitative measures, as most economists working in this area do, could easily reach spurious conclusions. Nevertheless, some attention must be given to such measures. Employed with caution, they can provide valuable information.

How Much Has Government Grown?

One widely used measure is government spending (federal, state, and local) for final goods and services relative to the gross national product (GNP). In the early twentieth century, this share stood at 6–7 percent and fluctuated little from year to year. During World War I, the federal government's procurement and mobilization efforts drove up government's share to over 21 percent of GNP. After the war it descended as rapidly as it had ascended, stabilizing during the 1920s at a level only slightly higher than that of the prewar era.

With the onset of the Great Depression, government's share increased from about 8 percent in the late twenties to a plateau of 14–15 percent during the New Deal era. Notably, the initial rise in 1930–32 occurred because GNP fell precipitously while government spending for currently produced goods and services remained roughly the same. After 1933, government spending increased but GNP rose at about the same percentage rate; hence government's share stabilized again. The level of 1932–40 was roughly twice that of the pre-Depression era, which testifies both to the vitality of the New Deal spending programs and to the absence of complete economic

Robert Higgs is Professor of Economics at the University of Washington. He is popular as a lecturer on economic and monetary affairs. His writings include numerous articles as well as books on *The Transformation of the American Economy, 1865–1914,* and *Competition and Coercion.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

recovery prior to the defense build-up.

The massive mobilization of the early forties produced by far the greatest government share ever attained. At the peak, in 1943–44, government spending for currently produced goods and services commanded over 46 percent of GNP. Of this, defense-related purchases accounted for nine-tenths. Rapid demobilization dropped government's share during the period 1946–50 to the range of 11–15 percent, slightly below the prewar level.

The outbreak of the Korean War led to another steep increase of government's share, from about 13 percent in 1950 to 22.5 percent in 1953. Although some retrenchment followed cessation of the fighting in Korea, government's share has remained at a high level, about one-fifth of GNP, ever since. Notably, this postwar plateau of the past three decades holds government's share of GNP at approximately three times the level sustained before World War I. By this measure, then, government during the twentieth century has become three times as important in relation to the economy.

Looking at *all* government expenditures, not just those for currently produced goods and services, relative to GNP reveals a different temporal pattern. This broader measure, which includes the various governmental transfer payments, shows that government did occupy a somewhat higher level after World War I: 10–12 percent in the postwar period as opposed to 6–7 percent before the war. It shows also the familiar leap in the early thirties and a plateau at about 18–21 percent in the late thirties; the huge increase during World War II followed by a complete reversal by 1948; a sharp rise between 1950 and 1953; and, unlike the index discussed above, an upward trend from the mid-1950s to the early 1980s that lifts the government's budget outlays from about 26 percent to 36 percent of GNP.

This upward tendency during the 1960s and 1970s occurred entirely because government transfer payments, mainly within the social security system, increased faster than GNP. By this measure, government has grown about five to six times larger relative to the economy during the twentieth century. By including government transfer payments as well as purchases of currently produced goods and services, one obtains a measure better calculated to reveal the emergence of the modern welfare state. Not surprisingly, this emergence appears fairly sustained over the past seventy years, especially during the post-1956 era.

Another commonly employed index of the size of government is its employment share. The temporal pattern revealed here differs from

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

that shown by either of the expenditure indexes. Government employees increased slightly faster than the labor force even before World War I, reaching a share of almost 5 percent on the eve of the war. This share jumped to over 6 percent during the war, fell back slightly in 1920–21, then drifted slowly upward during the twenties, reaching 6.5 percent in 1930.

How Measure Employment?

The history of government employment during the 1930s raises unusual, indeed unique, complications. To tell this tale, one must decide what to do about the "emergency workers." These people worked on programs administered by such "emergency" work-relief agencies as the Civilian Conservation Corps, the National Youth Administration, the Federal Emergency Relief Administration (under which a state relief agency operated in each of the states), the Civil Works Administration, and the Works Progress Administration. At the time they were not considered "regular" government employees. Subsequently, economic statisticians counted them as unemployed members of the labor force, a procedure that has created confusion and controversy among economists in their description and analysis of the labor market during the Great Depression.

If one follows the conventional practice, counting the emergency workers as unemployed, then the government's share of the civilian labor force appears to have remained almost constant during the 1930s, falling slightly between 1931 and 1933 before rising slowly to 7.2 percent in 1939. This measure indicates that government's share jumped much higher between 1939 and 1944, when it reached an unprecedented 11.1 percent. Thus, World War II seems to have stimulated a huge expansion of government's direct importance in the civilian labor market.

If, however, one treats the emergency workers as government employees—and it is hard to see why they should not be so treated—the course of history looks completely different. Now the jump in government's employment share is seen to have occurred between 1930 and 1936, with especially large increases in 1933 and 1934. At the peak in 1936, government workers of all kinds constituted 14 percent of the civilian labor force, more than twice their share in 1930. After 1938, as the ranks of the emergency workers thinned, government's share diminished; and by 1943, when only a handful of these peculiar workers remained, government employed only about 11 percent of all civilian workers, its share having dropped three full percentage points from the earlier peak. According to this more

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

defensible index, government's enhanced role in the labor market grew out of the Great Depression. Not until 1966, after two decades of steady postwar growth, did government's employment share exceed the level it had reached in 1936.

Immediately after World War II, government's employment share fell almost to 9 percent before starting a long-term march upward. Since the late 1960s it has stabilized in the neighborhood of 15 percent—only slightly above the peak attained in the 1930s. Notably, during this postwar period, the lion's share of the increased government employment has taken place at the state and local levels. Between 1947 and 1981, federal employment rose by less than a million workers, while state and local government employees added almost 10 million to their ranks. Comparing the most recent share to that at the turn of the century, one finds that government's relative weight in the labor market has become almost four times greater.

The Essence of Big Government

We could continue to examine quantitative measures of the growth of government (e.g., tax revenue, funds borrowed, loans made) but little would be gained by doing so. Though each such index throws some light on the question at issue, each in a fundamental sense does not tell us what we really want to know. The basic difficulty arises because the quantitative measures of the size of government do not correspond closely—sometimes not at all—with the underlying essence of government, which is coercive power.

Government can grow bigger, much bigger in terms of its expenditure or employment share, and still not become Big Government. What distinguishes that capitalized leviathan is the *scope of its effective authority* over economic decision-making. Under certain easily imagined circumstances, government could be very big yet rigidly limited. It might be necessary, for example, for government to spend and employ at high rates merely to deter external aggression, maintain domestic order, and enforce private property rights. Such a government would severely confine the scope of its activities, yet its performance within its own limited sphere would require a large share of the economy's resources. Individual citizens would remain free to decide for themselves all the basic economic questions about what and how to produce, determining in this ongoing market process the distribution of income and wealth. Undeniably, government's command over resources by means of taxation and expenditure would diminish the aggregate of options available to citizens. But within the constraints set by their after-tax incomes, citizens

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

would remain free to determine among themselves the allocation of the economy's resources. The heavy tax burden would indicate nothing more than the true cost of preserving an orderly and free society.

Differences Not Measured

All quantitative indexes of the size of government share a common defect: their changes may indicate *either* changes in the scope of effective governmental authority or merely alterations in the level at which government operates within a constant sphere of authority. On the one hand, for example, government may increase its expenditure and employment to extend its regulatory powers over previously unregulated dimensions of private economic decision-making. On the other hand, it may increase its expenditure and employment to enlarge or improve the judicial system in order to provide quicker and more accurate enforcement of existing private property rights. The two cases differ completely in their implications for the nature and workings of the political economy, yet the standard quantitative measures cannot distinguish them.

Further, quantitative indexes may register little or no change even when the substance of governmental power changes enormously. For example, it takes the same resources to operate the Supreme Court no matter whether that high tribunal's decisions give the owners of private property much or little protection from the intrusions of government and other citizens. Many regulatory agencies operate on tiny budgets, yet they exert far-reaching effects on the allocation of resources.

American government in the twentieth century has been loath to nationalize industry outright; regulation of privately owned industry has been the preferred means of governmental control over resource use. In its most important economic effects, this continued toleration of nominal private ownership may matter little. But the accounts look different.

When the owners of industrial properties spend billions of dollars at the behest of the Environmental Protection Agency or the Occupational Safety and Health Administration, these expenditures are recorded as "private." The usual interpretation, that private expenditure signifies *voluntary choice,* is wholly unwarranted under such conditions. And the commonly cited quantitative indexes of the size of government completely fail to capture this critical feature of our modern Big Government.

Governmental expenditure and employment are *derivative manifestations* of the power of government. Before it can spend or employ, government must obtain the authority

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

to promote a specified public purpose. If such authority cannot be obtained (a legislative question) and sustained (a judicial question), then the matter is settled: no authority, no program. If expanded authority is obtained and sustained, government may exercise its newly acquired power at various levels. Exercising this authority at higher levels of resource cost does not imply a wider scope of governmental authority.

During the past three decades, for example, Social Security outlays for old-age pensions have mushroomed by billions upon billions of dollars. Yet the upward trend of these expenditures does not signify any new accretions of Big Government *during that period.* Government has possessed the authority to make these payments ever since the Social Security Act was passed by the Congress and upheld by the Supreme Court in the 1930s. The events of the thirties created new potential for governmental activity of this kind; subsequent events have determined only the degree to which that potential would be utilized. Like a limited government, Big Government may operate over a wide range of societal resource absorption.

In Sum

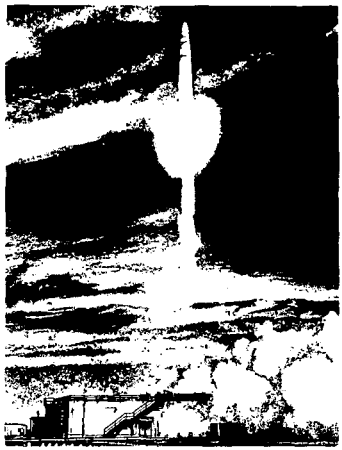
Quantitative measures of the growth of government are certainly convenient; the newspapers report them daily, and everyday discussions make constant reference to them. Used with caution, they can convey valuable information. Yet we must not forget that these indexes describe only derivative manifestations and not the essence of Big Government.

That essence is coercive power. Its extent cannot be accurately measured by indexes of government expenditure, taxation, or employment. The coercive power of government has its source in the actions of legislatures, regulatory agencies, and courts. These governmental bodies can, and often do, extend their sway without expending a single additional dollar or hiring a single additional employee. Of course, additional expenditure, taxation, and government employment frequently follow sooner or later. By the time they do, however, the citizen who opposes the growth of government discovers that the horse has long since escaped the barn: entrenched bureaucrats and program beneficiaries make it virtually impossible to undo what has been done.

Limiting the scope of modern Big Government requires more than containing its expenditure, taxation, and employment. It is essential that the creation and extension of governmental authority be restrained at its sources. Here as elsewhere, an ounce of prevention works more effectively than a pound of cure.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Gary McGath



Free Enterprise in Space

WILL the day come when the cost of sending rockets into space will begin to provide profits to those who engage in the venture, rather than just being a sink into which millions of dollars are poured without hope of returning the investment? The answer to this question is no; the day has already come!

Today satellite communication, which allows television, radio, and telephone messages to be sent from continent to continent without expensive cables, is a profitable, multimillion-dollar business. Tomorrow, other industries will be making profitable use of space. Certain alloys can only be made in space, because their components will stay mixed only in the absence of gravity. Zero gravity would also facilitate the manufacturing of the tiny semiconductor "chips" which are vital to the electronics industry; a zero-gravity process would allow higher yields of usable chips while permitting larger and more complex chips to be produced.

These examples are not a matter of mere speculation; the space shuttles are already carrying equipment to test ideas such as these, and companies are preparing to invest large amounts of money in their implementation. Certainly these investments involve more than the usual financial risk; if a satellite doesn't work after it's put into orbit, it isn't very practical (yet) to send out a repairman. But insurance companies have been ready and willing to take on such risks; some insurance brokers have even conducted major advertising campaigns specifically to

Mr. McGath is a computer programmer and free-lance writer in Hollis, New Hampshire.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

attract customers for space-venture insurance.

It is true that all private satellites to date (as of this writing) have been launched by government bodies; but private enterprise is beginning to get into the business of space rocketry as well. A German group, OTRAG, made two successful suborbital launches in the 1970s before losing the use of its African launching facility; in 1982, an American corporation, Space Services, Inc., made its first successful suborbital launch in preparation for establishing a satellite launching capability.[1]

New Uses as Costs Decline

Further off into the future may be such ventures as solar power satellites and asteroid mining operations. The cost for efforts such as these seem horrendous now; but technology always grows cheaper when it can be produced in quantity. Could anyone have expected, when the Wright Brothers flew their first plane in 1903, that within a few decades regularly scheduled transatlantic flights would be cost-effective? The cost of the initial development of space industry will be high; but when spaceships become a proven industrial product, and when space stations are built to allow launching from low orbits to higher orbits or to outer space, the cost will certainly come down.

There are, nonetheless, a number of obstacles to space development besides the initial cost barrier. One of these is the American public's image of space programs as spectacular, costly wastes of money. The source of this image, more than anything else, was our country's crash program to land a man on the moon. This program succeeded spectacularly—but it was a dead end. As G. Harry Stine, one of the most vocal advocates of space development, put it: "We *had* to beat the Soviets to the Moon . . . and we did. Once we'd done so, the whole space program was wound down because its function as an instrument of national prestige—*not* of scientific exploration and *not* as the exploitation of a new frontier—had been completed."[2]

The Moon program, seen in contrast with the profit-making space ventures which are beginning today, points out the difference between governmental activity and private economic activity. Both types of activity must show a return on investment; but in governmental activity, the return on investment is measured in votes, not profits.

A politician must make the choices that will gain him the most votes, or he will be out of a job after the next election. Monetary cost matters to him to some extent, since anything that makes taxes go up will turn voters against him. But what is more important is that the result of his actions be something obvious to vot-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ers. Something more practical but less spectacular, such as a small manned space station, is not "cost-effective" in the currency of politics. And anything whose results will not be visible until after the next election is out of the question.

Barriers to Private Development

The history of the United States' space program naturally suggests to many people that sending rockets into space is merely a very expensive kind of fireworks show. But there are tremendously practical uses for space; and if people are spending their own money and looking to gain more money in return from these uses, there is every reason to believe that at least some of them will find cost-effective ways to get above the atmosphere.

The idea that space development must be so large and expensive a task that only the government can accomplish it has even confused many people who remain advocates of space industrialization. These people have, for the most part, spent their efforts lobbying for more funding for governmental space programs, rather than looking for ways to direct private capital toward the achievement of their goals. This lobbying will be self-defeating in the long run even if it achieves its immediate purpose; by keeping space development in the government's hands, it will perpetuate the inefficiencies, high costs, and unimaginative methodology that are inherent in any governmental operation.

But the false impressions created by the government's space program are merely a psychological barrier, and one that should not take long to be overcome once the commercial successes begin. There are, on the other hand, more tangible difficulties that the government has put in the way of the private exploitation of space.

One of the worst of these difficulties is that America's antitrust laws make the amassing of capital and expertise for a huge project, such as space development, very difficult. One of the most effective ways for businesses to go into space industrialization in a major way would be to form a consortium in order to combine technological know-how and to keep the level of financial risk for each company down to an acceptable level. But consortiums of this sort are illegal under antitrust law.

Even a single company that succeeded in a space venture could easily run into trouble with antitrust law. Space is a new field for industrialization; the first company to succeed in it would have a "monopoly" in space until the second company came along. While it is impossible to say with certainty what may be considered legal or illegal under antitrust law, the history of antitrust shows that a corporation can

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

be found in violation of the law, or at least forced to spend huge amounts of money defending itself in interminable court cases, simply because it has been successful; Alcoa and IBM are notable examples. There is little reason why any company would want to risk a large amount of money on space industrialization, when an antitrust suit is the "reward" that awaits it for succeeding.

Such difficulties caused by antitrust law are by no means unique to space ventures. As Presidential adviser Alan Greenspan has noted, antitrust law is "so vague that businessmen have no way of knowing whether specific actions will be declared illegal until they hear the judge's verdict—after the fact."[3]

Antitrust is not, as many people suppose, a body of law forbidding specific "predatory" practices (whatever such practices might be); it is a collection of legislation without intelligible standards of legality and illegality, in which the mere fact of success in business puts one in danger of prosecution, and in which the only guideline to what business activities are (probably) legal is precedents set by the courts. But while traditional businesses can look at precedents that may apply to their own situations to achieve a measure of safety, businesses entering new fields lack this recourse. There are few precedents for business in space, so the risk which antitrust law adds to the naturally occurring risks of investing in space is tremendous.

Yet another barrier to space development is the result not so much of governmental action as of governmental inaction: the lack of any definition of property rights in space. This deficiency is not solely the fault of our government, since other spacegoing governments will also want to have their say. But what the United States has accepted as the "law of space" is quite inimical to property rights.

The 1967 Space Treaty

The principal document establishing international law in space is the 1967 Space Treaty. Under this treaty, liability for damage done by private spacecraft belongs not to the craft's owner, but to the nation under whose jurisdiction it was launched. This might seem very convenient for the owner, but it also means that the government has an excuse (in fact, a need) to keep strict control over the company's activities. Whoever bears responsibility for the consequences must decide on the actions. The treaty specifically affirms this requirement, stating that private activity in space may only be initiated with the express authorization and continuing supervision of the national government in question. Moreover, all vehicles and facilities in space are subject to inspection by any nation that can get to them,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

provided notice is first given. Private property can hardly be considered "private" under such circumstances.

What would the status be of a privately established settlement on the moon? The 1978 US Civil Space Policy does not allow any such settlement. And under the 1979 Moon Treaty (which US negotiators at the UN approved, but which President Carter fortunately decided not to sign), property rights on the moon would be effectively abolished, and any installation there would be subject to entry by any nation's inspectors, just as facilities in space are.[4]

Going into space is a risky enough venture at best. But if space investors can't even be sure of establishing their right to the bases and installations they build, and if any nation is legally entitled to spy upon their industrial operations, they can hardly be expected to be anxious to risk their money there. The situation would be similar to that which exists in international waters today, where there are no internationally recognized property rights, except that the investments to be lost would be greater.

If our government would remove the barriers it has created to private space development, and if it would take the lead in insisting that property rights be recognized in space by all nations, there could soon be a tremendously exciting future for industry in space. Perhaps people will have the ingenuity to attain such a future even with all the legal obstacles that have been thrown in their way; but it will be much harder.

—FOOTNOTES—

[1]Stewart Cobb, "Private Rocket Launched Successfully," *Ergo*, 9/15/82

[2]G. Harry Stine, *Space Power*, Ace, 1981.

[3]Alan Greenspan, "Antitrust," in Ayn Rand, *Capitalism: the Unknown Ideal*, Signet, 1967.

[4]H. Keith Henson and Arel Lucas, "Star Laws," *Reason*, August 1982; also see Stine, *op. cit.*

IDEAS ON LIBERTY

The Wrong Approach

THE company striving to develop a new vaccine for the elimination of cancer surely would not assign the project to the plant security police. Nor should we assign the development of highways to political policemen. We have too often hooked up coercive power to a creative field, and the results have ended inevitably in failure. When the hand of government is inserted in a problem requiring initiative, it becomes a dead hand—and the failure can be predicted.

JOHN C. SPARKS, "The Highway Dilemma"

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

John K. Williams

A Distant Voice Speaks to Us Today

ONE of the most frequently quoted utterances of Henry Ford is his assertion, "History is bunk!" His sentiment was shared by the infamous Ambrose Bierce, who defined history as "an account, mostly false, of events, mostly unimportant, which are brought about by rulers, mostly knaves, and soldiers, mostly fools."

In recent decades an examination of school curricula might suggest that educationalists agree with Ford and Bierce. The study of history has been edged to a less significant place in the school day than it once enjoyed. In many Australian schools it has become but part of a wider study known either as "social studies" or "general studies." The pupil might, in learning about the workings of present-day local government, note how different nations in the past enjoyed forms of "local government," or in studying people's eating habits in contemporary Australia, compare these with those obtaining in Elizabethan England.

The Reverend Doctor John K. Williams has been a teacher and currently does free-lance writing and lecturing from his base in North Melbourne, Victoria, Australia.

When history *is* taught, the cry is that it be "relevant." Precisely to *what* it is to be relevant is rarely specified, although the presumption would seem to be that history should be "related-to-contemporary-issues-making-the-headlines-and-constituting-the-feature-story-on-the-television-news." Since a vexed and vexing question as to the "land rights" of the aboriginal people of Australia has become a source of continuing controversy, the history of white settlement of Australia, the early settlers' treatment of aborigines, is, apparently, "relevant."

What is supremely *irrelevant* is what used to be called "Graeco-Roman" history. Few Australian schools would waste time which could be spent in "relevant" pursuits by "irrelevantly" informing students that, in the fifth century B.C., a protracted war occurred between the Greek city-States of Sparta and Athens. Certainly few, if any, young Australians would have read a speech delivered by the leading figure of Athens, Pericles, during the first year of that war, the year 431 B.C. Yet the sentiments expressed

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

in that speech are supremely "relevant" not simply to the world of the 1980s, a world within which liberty is threatened and the slogan "Freedom is Slavery!" of George Orwell's *1984* is echoed by the rhetoric of politicians who proffer a life of plenty provided by an ever more powerful, intrusive State, but to all lovers of liberty of all times.

Slavery in Athens

Athens of the fifth century B.C. was not, in truth, a citadel of liberty. Slavery was a reality. Women could not vote. Yet the spark of freedom glowed in that remarkable civilization. It was to that spark Pericles appealed when, on a winter's day in 431 B.C. he delivered an oration at a solemn, annual festival during which the citizens of Athens honored those who had fallen defending their city-State. This year, given the war with Sparta, the number who had fallen was great indeed.

Pericles did not speak of the valor of those who had died. He did not refer to the noble qualities of those whom an entire people sought to honor. He spoke rather of the reality they, the dead, had fought for and died for. That reality was not a place, a territory, or a city named "Athens." It was rather an entire way of life, a way of life embodying the spark of liberty.

He began by reminding his audience that this way of life had been secured by the "blood and toil" of their ancestors. It had been born of struggle, of battle, of trial, of hardship. Men and women of the distant past had dreamed a dream, and then, by great effort and sacrifice, had made that dream come true. That dream was, according to Pericles, embodied in the "constitution and way of life" that, in truth, made Athens the city-State it was.

"Our constitution is called a democracy because power is in the hands not of a minority, but of the whole people." Strictly speaking one might challenge that assertion: as noted, women could not vote and Athens numbered slaves among its populace. Yet what was true is that Athens was not ruled by a monarch's whim or an aristocracy's fancies. Indeed, Pericles immediately explained the critical factor in this form of rule: "When it is a question of settling private disputes, *everyone is equal before the law*; when it is a question of putting one person before another in positions of public authority, what counts is not membership of a particular class, but the actual ability which the man possesses."

It was not until some twenty-one centuries had passed that these words again captured the thinking and imagination of philosophers and ordinary men and women alike. In the seventeenth century feudalism was, in Europe, the norm. Monarchs

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and their favorites, and feudal lords and their families, ruled. What was legally permissible for them was forbidden for those of lesser breed. The liberty of some to practice their religion was denied to others. In the eighteenth century this system began to change, but "equality before the law" did not obtain. Only a privileged few could import goods from other nations. Those who "ruled" decreed what goods the masses should purchase by controlling prices. Wages paid varied from industry to industry, but were determined by government. Children of the poorest were required, by law, to become skilled in specified occupations.

A Society of Contract, Not a Society of Status

Yet the vision of a "society of contract" rather than a "society of status" lured both great minds and simple people. Might not a person produce goods simply because of "the actual ability which the man possesses," not because of birth or special privilege? Might not any person be at liberty to negotiate with another and agree upon what wages were acceptable to both employer and employee? Thinkers such as John Locke began to write of individual "rights," common to all, which governments must respect. That one system of laws should apply to all—rulers and ruled alike—became a cause for which people fought. That rulers should be elected by and accountable to the ruled became an idea warming the hearts as well as engaging the minds of countless thousands.

Indeed, in the eighteenth century three utterly remarkable documents were penned in a new nation to which numerous people seeking religious liberty for themselves (but not, unfortunately, always for others) had fled: The United States of America. On June 12, 1776, "representatives of the good people of Virginia" solemnly affirmed a Declaration of Rights which asserted that "all men are by nature equally free and independent," enjoying "certain inherent rights" no government could flout: "the enjoyment of life and liberty, with the means of acquiring and possessing property, and pursuing and obtaining happiness and safety." "No man, or set of men, are entitled to exclusive or separate emoluments or privileges from the community, but in consideration of public services; which, not being descendible, neither ought the offices of magistrate, legislator, or judge to be hereditary."

Better known, perhaps, is the unanimously accepted by the then thirteen United States of the Declaration of Independence on July 4 of the same year. "We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

unalienable Rights, that among these are Life, Liberty, and the pursuit of Happiness. That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed." Then, in 1787 came the Constitution of the United States (followed, in 1791, by the first ten amendments.) All three documents echoed the sentiments of Pericles: equality before the law; an absence of caste; the bestowing of positions of public authority on the basis of ability, not birth.

Equality of Opportunity

That disparities between rich and poor existed in Athens was not denied by Pericles. "We regard wealth as something to be properly used, rather than as something to boast about. As for poverty, no one need be ashamed to admit it: the real shame is in not taking practical measures to escape from it." The "equality" he lauded as marking the Athenian way of life lay not in an alleged possession of "equal skills"—indeed, in asserting that positions of public authority went to those best suited to those positions, he assumed that different people enjoyed different skills and abilities. Similarly, it lay not in "equality of possessions." It lay simply in the equal rights of people to behave as they chose in attempts to attain the goals they themselves set, and protection, by law, from individuals or minorities denying the rights of others to live as they chose.

Law, for Pericles, mattered. Only rule by general principles of just conduct could "protect the oppressed"—that is, secure the liberties of the weak and curb actual or threatened violence of the strong. Indeed, behind such formal laws lay another law: "those unwritten laws which it is an acknowledged shame to break." The precise content of these "unwritten laws" is not clear: clearly, however, reverence for the gods of others, and respect for the dead were included. In contemporary language, Pericles perceived that the Athenian way of liberty involved reverence for the reverences of others, and a respect for one's fellows—a respect which expressed itself even when, being dead, people could no longer cooperate with or assist one.

Turning from political life and the rule of law, Pericles spoke of the "day-to-day" life of Athenians. "We do not get into a state with our next-door neighbor if he enjoys himself in his own way, nor do we give him the kind of black looks which, though they do no real harm, still do hurt people's feelings. We are free and tolerant in our private lives; but in public affairs we keep to the law."

A clearer or simpler statement of the philosophy of liberty has, perhaps, yet to be penned. There is Her-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

bert Spencer's "law of equal liberty": "Every man has freedom to do all he wills, provided he infringes not the equal freedom of any other man."[1] There is John Stuart Mill's "law of liberty": "The sole end for which mankind are warranted, individually or collectively, in interfering with the liberty of action of any of their number is self-protection . . . The only purpose for which power can be rightfully exercised over any member of a civilized community, against his will, is to prevent harm to others. His own good, either physical or moral, is not a sufficient warrant."[2] These and the three fundamental documents, referred to above, which encapsulate the "American way," are intellectually more rigorous and more easily related to the tasks of governments and courts, but Pericles' words say all that has to be said. "We are free and tolerant in our private lives; but in public affairs we keep to the law."

Pericles' oration goes on to note other aspects of the Athenian way of life. He notes that Athens is "open to the world," having no secrets to hide; that there is no conscription for war and preparation for war, military danger being met "with natural rather than with State-induced courage"; and that Athenians, even "those who are mostly occupied with their own business, are extremely well-informed on general politics."

Describing an Ideal

How accurate a description of the Athenian way of life Pericles paints is open to debate. Many scholars perceive it more as pointing to an ideal than documenting the real. Be that as it may, his words ring down through millennia and our children deserve to hear them. The spirit informing his words is the same spirit that conquered, in some places on this planet, rule by tyranny and privilege, the imposition by the powerful of their beliefs and values on the weak, and economic systems dictated by the few rather than emerging from the choices and actions of the many.

Yet there is a further reason why lovers of liberty and the inheritors of liberty should know about Pericles and hear his words. The record of his words came from the pen of a great historian, Thucydides, who courageously—perhaps presumptuously—asserted that, in recording the events of the terrible war between Athens and Sparta, he was writing a work "not . . . designed to meet the tastes of an immediate public, but . . . to last for ever."[3]

Athens lost the war. Thucydides hints why. He refers, of course, to particular military mistakes made and ill-advised strategies adopted. Yet the ultimate cause of Athens' fall lay in a disregard for "those unwritten laws which it is an acknowledged shame to break."

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Unwritten Laws

Essentially, as noted above, those "unwritten laws" involve a reverence for what is "holy." The importance of honoring what human beings perceive as possessing supreme worth, even when one's own vision of "the gods" or of God is at variance with the visions of others, and a deep respect for one's neighbor in his or her uniqueness as a human being: this Athens forgot.

Thucydides hints at a sequence. Manners decay: the simple code of rules, enforced by no court, which make harmonious life possible. Then morals break down. Finally, the "rule of law" is disregarded.

Even language undergoes changes. Describing the breakdown of the rule of law in one Greek city-State, Corcyra, Thucydides writes: "To fit in with the change of events, words, too, had to change their usual meanings. What used to be described as a thoughtless act of aggression was now regarded as the courage one would expect to find in a party-member; to think of the future and wait was merely another way of saying one was a coward; any idea of moderation was just an attempt to disguise one's unmanly character; ability to understand a question from all sides meant that one was totally unfitted for action. Fanatical enthusiasm was the mark of a real man . . . [and] anyone who held violent opinions could always be trusted [whereas] anyone who objected to them became a suspect."

Loyalties collapse. "Family relations were a weaker tie than party memberships . . ." "If pacts of mutual security were made, they were entered into by the two parties only in order to meet some temporary difficulty, and remained in force only so long as there was no other weapon available . . . In political leaders' struggles for ascendancy nothing was barred . . .; they were deterred neither by the claims of justice nor by the interests of other people: their one standard was the pleasure of their own party at that particular moment."

Chaos reigns. And, in desperation, the people welcome any person or group promising the restoration of order and some semblance of security. There is a price to be paid, but people, declares Thucydides, pay that price. It is liberty.

The Price We Pay

It is not alarmist to ponder whether, today, we are witnessing the same sequence: the forgetting of the "unwritten laws," and the consequent decay of manners and morals; defiance of written laws; the use of political power to further special interests rather than to protect the liberty of all; the shattering of those bonds of mutual respect which make for community, and the emergence of powerful pressure groups compet-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ing for power and gain through coercion; then, finally, a collapse of order, the rule of chaos, and the cry for someone, somewhere, to restore some form of control. The price the tyrant exacts—liberty—is paid.

Henry Ford and Ambrose Bierce spoke slightingly and amusingly of history. Yet the ancient Roman, Marcus Tullius Cicero, and the North American, Oliver Wendell Holmes, Jr., spoke otherwise. Wrote Cicero: "Not to know the events which happened before one was born, that is to always remain a boy." States Holmes: "When I want to understand what is happening today or try to decide what will happen tomorrow, I look back."

Karl Marx was in error when he spoke of the immutable laws of history. Human beings are not the passive instruments of a mysterious process working its way to an inevitable destiny. Yet, just as human beings are subject to the laws of nature but, in understanding them, can build ships and sail over vast oceans, create airplanes and fly in the air, and design rockets that soar into the once unexplored recesses of space, so human beings, in their attempts to live in harmony, liberty, and peace, must acknowledge the reality of, and seek to understand, some very simple but easily forgotten truths.

Thucydides never completed his history. He described a disease that brought an end to a way of life enshrining freedom but he prescribed no remedy—just as, very early in his narrative, he described the symptoms of a mysterious plague that no one seemed able to cure and from which many thousands of people perished.

The Unfinished Task

It is the lovers of liberty who will finish Thucydides' history. Witnessing in their own day the symptoms Thucydides so painstakingly described, and knowing that, ignored, such symptoms lead to destruction, those holding to the freedom philosophy will, themselves, live as free people, honoring the law, and respecting their neighbor's worth. They will strive, by word and argument, to recommend to others what they so cherish themselves. And, whatever their specific creed, they will know that, in the last analysis, what they believe "should be" is rooted and grounded in "what is," and put their ultimate trust in the Source of those "unwritten laws" investing individuals with dignity and a nation with greatness.

—FOOTNOTES—

[1]H. Spencer, *Social Statics* (first published 1850, reprinted Schalkenbach Foundation, New York, 1970), p. 95.

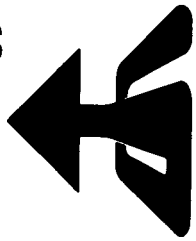
[2]J. S. Mill, *On Liberty* (first published 1859, republished E. P. Dutton, New York, Everyman's Library, 1957), p. 73.

[3]All quotations from Thucydides' *The Peloponnesian War*, translated Rex Warner (Penguin Books, London, 1954).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Jack D. Douglas

Democratic Freedoms vs. Collectivist Newspeak



"The System of Liberty" which formed the fundamental ideas of the American constitution and government was built on one idea above all others: *Freedom works*! Individual freedom does more than anything else can ever do to advance the interests and happiness of all individuals, including producing as much equality and security as is possible for human beings. Any abridgment of individual liberty intended to produce greater collective welfare (the "common welfare") inevitably winds up producing less. That is the one great message American libertarians and others in Britain and Europe created and announced to the world.

Individual liberty and constitutional democracy, the institutional expression and guarantee of individual liberty, are the most sacred social values and institution of the vast majority of people throughout the world today, both where they exist and where they are only dreams of the repressed peoples of the collectivist societies. Individual liberty and democracy are the sacred founts of all political legitimacy today. The voice of the individual and of the people have now replaced the word of God and the sacred rights he supposedly granted as the foundations for all rulers. So powerful is the appeal of liberty and constitutional democracy everywhere that no government leader anywhere dares to oppose them.

Jack Douglas is Professor of Sociology at the University of California in San Diego. He has written and edited twenty-five books and numerous articles on various aspects of the social sciences.

This article is excerpted by permission from a longer essay to be published by The Reason Foundation as part of a collection, *Defending a Free Society.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

In our free Western societies in which these hallowed and ancient ideals were given rebirth they have now been so completely dominant for so long that they are taken for granted by almost everyone and, thus, only rarely do we consciously consider what a treasure they are. Just as a healthy young person takes the delights of life for granted, and focuses his attention on its inevitable minor pains, so do we too easily take the delights of liberty and democracy for granted and focus our attention on our inevitable failures to live up to their ideals completely. And in this way we blind ourselves both to the threats to our sacred ideals and to our greatest potential source of strength in defeating those threats.

Sons of Liberty

The Revolution of Liberty and Democracy was launched by the American sons of liberty in 1776. The success of the great American experiment in liberty inspired vast hope everywhere and ignited *The Age of the Democratic Revolution,* as R. R. Palmer has called it. In the succeeding twenty-five years democratic revolutions erupted across Europe. Some succeeded; more were put down by aristocratic reactions. A few, most notably the vast explosion against the corrupt, repressive collectivism of the French monarchy, were quickly seduced by even more repressive forms of collectivism. After his defeat, Napoleon revealed his own total cynicism about liberty and the Revolution when he said, "Vanity made the revolution, liberty was merely a pretext." But during his reign he used the powerful rhetoric of liberty to inspire democrats throughout Europe to embrace what they only later discovered to be a new tyranny complete with a new and generally more repressive monarchy and aristocracy.

But the seeds of hope for a new and better world of individual liberty had been loosed upon the world. These hopes have since been increasingly inflamed by the vast and totally unprecedented growth of science, technology and wealth created by the individual enterprise and creativity unleashed by individual liberty. These values of liberty and democracy and the hopes they inspire have now spread to the entire world and become more powerful—more sacred—than ever. The Age of the Democratic Revolution sweeps on, overturning one collectivist tyranny after another in the sacred name of liberty.

It is a terrible tragedy of our age that almost all of these revolutions inspired by the hope for liberty and its fruits are now either launched by cynical Bonapartists manipulating these sacred symbols to win totalitarian power or soon fall victims to totalitarians out of self-deception. All of the most terrible totalitarian col-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

lectivists of our age are completely aware of the power of the sacred symbols of liberty and constitutional democracy. Today, the more totalitarian a regime is, or intends to become, the more its leaders brandish the sacred symbols of liberty and democracy. The totalitarians use these sacred symbols as myths to mystify the people and thereby try to hide the brutal realities of their regimes. As Friedrich Hayek noted forty years ago, ". . . wherever liberty as we understand it has been destroyed, this has almost always been done in the name of some new freedom promised to the people."

Totalitarian Tactics

In the nations where the mass of people are ignorant of the ancient meanings of our Western ideas of liberty and democracy the totalitarians merely superimpose the sacred symbols on their brand of collectivism and then use massive censorship and propaganda to try to prevent the people from ever learning the difference. But the more knowledgeable the people are about our ancient ideals, the more mythical deceit the totalitarians must use in their desperate efforts to maintain some shreds of legitimacy to cover their use of police terror to build their power. They do this by using all the forms of Hitler's Big Lie and all the powers of statist mass education and the mass media. Above all, they must fabricate plausible rationalizations to present the foundations of their totalitarian collectivism—government planning, regulation, and control of everything from money to literature and science—as the one and only true "new freedom."

As Peter Drucker has said, ". . . the less freedom there is, the more there is talk of the 'new freedom.' Yet this new freedom is a mere word which covers the exact contradiction of all that Europe ever understood by freedom. . ." This New Think and New Talk about liberty and democracy have obviously been most necessary in the West itself, especially among our intellectuals, to seduce people into abandoning the very foundations of all they have held sacred. But everywhere that educated people have been important these new forms of double-talk have been vital in legitimizing the new and ancient forms of totalitarianism.

Since most totalitarians today have come to power where most of the people were largely ignorant of Western civilization, but where the educated people have known the rudiments of our liberty and democracy and have been too important to neglect, the traditional names and outer forms of liberty and democracy have been retained for the masses and have been combined with "new freedoms" rhetoric aimed especially at intellectuals.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

While our Western leaders today rarely even mention liberty or democracy, and almost as rarely name the new forms of totalitarian slavery what they are, all totalitarians freely brandish these sacred symbols as the shibboleths of their regimes and *never* name themselves what they are. Every dictator is a self-proclaimed "President" or "Premier" of "The People's Republic"; every modern Genghis Khan flies the bright banners of "wars of liberation" and denounces true liberators as "Imperialists"; every imperialistic Russian totalitarian who has murdered soviets and other socialists proudly declares himself the humble servant of "The Union of Soviet Socialist Republics."

The Deceit of Tyrants

The deceit of tyrants and totalitarians has always had great seductive powers. That is a basic reason why liberty and democracy have been so rare. But rarely have they been as successful as our modern totalitarians in carrying out their counter-revolutions in the very name of liberty and democracy. It is absolutely vital that all free people—and aspirants of freedom—today understand how they have deceived people, why they have so often succeeded, what their moral weaknesses are and how this tide of reactionary rhetoric can be turned back on its propagators.

The first crucial thing that must be done about this drift into the absurdities of collectivist Newspeak is for people everywhere to speak the truth in truthful language. The Russian rulers, the Chinese rulers, the Castros, and all totalitarian collectivists are the tyrants of Terrorist Slave States. This is a precise, technical historical usage of the terms.

The slaves of Russia, Cuba, China and many other nations have far fewer freedoms than the slaves of Ancient Rome or the ante-bellum South. Earlier slaves could generally be freed within the state and by law. Only desperately dangerous flight can free the slaves of Russia, China, Cuba and so on. Earlier slaves were normally encouraged to mate, but in China today the Party decides who can marry and who can have a child (rarely more than one). The Romans crucified thousands of slaves who revolted, but Russian communists have murdered tens of millions, routinely brutalize many thousands in the living-crucifixion of the Gulags, and systematically terrorize the entire nation for merely saying—or potentially saying—things against the regime.

Our leaders must speak the obvious about these Terrorist Slave States. Even more importantly, intellectuals, especially journalists, must end their Great Betrayal and proclaim the truth. Out of blindness and their own envious lust for power, the intellectuals of Russia, China,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Eastern Europe, Cuba and all the other tortured lands led their deceived people into the death camps and torture chambers of the Terrorist Slave States.

Afraid to Speak Out

The intellectuals and journalists are the Judases leading the people into slavery. Some do so knowingly. Far more do so because they refuse to look into the bright glare of truth streaming from every nation that has followed this Marxist path. many more "go along" with, or merely remain silent when their colleagues preach the Marxist faith from our campus pulpits, our church pulpits and our media pulpits. They know the lies, misinformation and agitprop when they see it, but prefer ease and repose rather than face the wrath of the activists. They are terrorized by the mere thought of being branded "Right Wing Extremists"—or even "Conservative." It is almost unseen by those outside, but there is a continuing Marxist revolution going on in our humanities, social sciences, churches and journalism throughout the Western world. The intellectuals are building the "Road to Serfdom."

No freedom-loving person can ever invoke official controls or censorship against these lies and this far more ominous silence. We can only assert our own freedom of speech. But that is all we need. Freedom and truth work. They need only to be exercised—strenuously, consistently, courageously.

But this truth and freedom of speech against the Terrorist Slave States is needed even more in entertainment and the daily news media than in our college classrooms and intellectual forums. One gripping movie like "Missing" can insinuate more doubts about American businessmen and political leaders than dozens of intellectual journals or hundreds of lectures can undo by the most meticulous analysis of facts. Our news media are awash with the best of intentions, but the most extreme ignorance and prejudice about simple economic matters. This ignorant and prejudicial economic moralism of the journalists is a powerful wedge which opens the way for the more openly Marxist phalanx.

The Need for Privately Financed Educational Institutions

We do not need—and must sternly oppose—any forms of censorship or agitprop. Nor do we need any form of government interference in behalf of truth and freedom. Our government obviously has enough problems trying to be truthful about itself and to get that truth across. What is needed is that these threats be recognized by our intellectuals and other influential people. Here I believe William Simon's proposals in *A Time For Truth* are the most effective.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

What we need is *privately* financed organizations for ferreting out and spreading the truth. CIA-type clandestine purveyors of the supposed truth will always be suspect—or worse—of political self-seeking even by us. Even openly government financed institutions are not very effective or needed.

American businesses, foundations and individuals committed to the system of liberty give billions every year to colleges and groups which gladly, if generally unknowingly, disburse much of that money to collectivist sympathizers. They would do much better for their own cause by financing gripping movies about the decent and loving heroes who fight against slavery in Siberian Gulags, broadcasts to Cuba from Miami's Cuban exiles, free market newspapers that compete effectively against *The Washington Post* and *The New York Times,* and magazines that expose the effects of massive government powers.

Detailed tactics are not my concern here, but just consider what an impact war films from the peasants of Afghanistan could have in exposing the Russian pose as the Land of the "New Freedom." Since our journalists find the task too daunting (and it certainly would not be like living at the Saigon Hilton and sallying forth for a few rice paddy shots before cocktails), why not finance the training of a few dozen bright Afghan correspondents and arm them with super-8 cameras? That is precisely the sort of thing the real practitioners of freedom can do far more effectively than any government. Self-reliance—individual initiative—in truth seeking and truth broadcasting is the most effective weapon in all strategies for exposing and counterattacking Collectivist Newspeak.

IDEAS ON LIBERTY

Leo N. Tolstoy

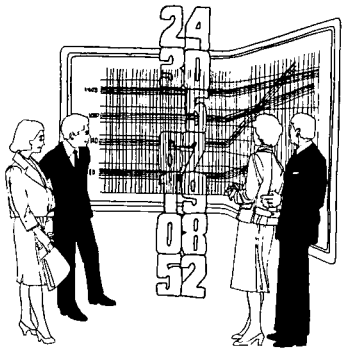
No feats of heroism are needed to achieve the greatest and most important changes in the existence of humanity . . . a change in public opinion.

And to accomplish this change no exertions of the mind are needed, nor the refutation of anything in existence, nor the invention of any extraordinary novelty; it is only needful that we should not succumb to the erroneous, already defunct, public opinion of the past, which governments have induced artificially; it is only needful that each individual should say what he really feels or thinks, or at least that he should not say what he does not think.

From an essay on *Patriotism and Christianity* (1894)

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

William R. Hawkins



Capital, Deficits and Full Employment

In the Fall of 1982, as inflation rates continued to drop, the public shifted its concern from rising prices to rising unemployment. The concern was real, as unemployment reached levels unequaled since the Great Depression of the 1930s. Of course the media overplayed the comparison with the 1930s. Nearly half of those unemployed were from households which had more than one income earner prior to the recession and which still had at least one breadwinner working. The unemployment figures were also overstated because of the sociological shift of more women who were listed as "looking for work." The increased labor force participation rate of women makes comparison of current unemployment figures with past years suspect. The increased use of unemployment benefits also softened the impact of job loss and may have contributed to the unemployment figures by allowing those out of work to pursue new job opportunities with less vigor. In any event, the recession of 1980–82 did not see a return of breadlines and tent cities.

Yet, unemployment is still a tragedy in both economic and human terms. In economic terms, unemployment means lost production and a lower material standard of living. In human terms it means not just lost income but the severance of a social bond forged in the workplace community and the loss of self-esteem. Those who are forced to live on charity or see their dreams of advancement destroyed by lack of opportunity suffer a loss to the spirit. A worker who loses his job for no direct fault of his own is fundamentally different from the idler who out of laziness or other defect becomes a permanent member of the welfare

William R. Hawkins is Assistant Professor of Economics, Radford University, Radford, Virginia.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

underclass. A society which values the work ethic needs to be concerned with unemployment.

There are two components of the high jobless rate. First is the cyclical unemployment resulting from the recession. When the unemployment rate reached 10.4 per cent in October 1982, about three per cent was due to the recession, amounting to approximately 3.4 million workers. The second cause is the secular decline of key sectors of the American industrial base such as autos, steel, shipbuilding, and textiles. This contributed about 2.5 per cent to the rate or about 2.7 million jobs. Thus, solving the unemployment problem will take more than just recovering from the recession.[1]

Keynesian Philosophy

The dominant economic philosophy for the last 45 years has been Keynesianism. It won its claim to the position of "orthodoxy" because it professed to have the answer to unemployment. It was born in 1936 when J.M. Keynes published *The General Theory of Employment, Interest and Money*. The United States was in the midst of the Great Depression and it was thought that older theories of the economy had failed. Keynes' timing was perfect to fill the perceived intellectual vacuum.

Keynesian theory has long held sway among liberals, however, not because of any inherent truth in the Keynesian model but because it appeared to give objective "scientific" support to redistribution schemes originally favored for ideological reasons. One of the central tenets of Keynes was that depressions are caused by too much saving relative to planned investment. Though he felt that investment was the key to prosperity and growth, in the black mood of the 1930s he felt that investment opportunities in the private sector were played out. Therefore, saving no longer served a useful economic function. In fact, saving was now a detriment, a drag on the economy because it would not be converted into investment spending. Saving should therefore be converted into spending by the government either by taxing it away from private hands or by borrowing it away to finance budget deficits. Public works and welfare could be promoted on the grounds that the entire economy benefited, a campaign that was calculated to entice far more support than a direct appeal to redistribution or socialism. That there was a wider political consequence to his theory than pure economics was not lost on Keynes. At the end of *The General Theory* he wrote:

> Thus our argument leads towards the conclusion that in contemporary conditions the growth of wealth so far from being dependent on abstinence of the rich,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

as is commonly supposed, is more likely to be impeded by it. One of the chief social justifications of great inequality of wealth is, therefore, removed.[2]

However, it became clear by the dawn of the 1970s that the Keynesian description of the economy did not fit reality. The United States economy was not being dragged into stagnation because it was generating too much capital. Just the opposite. Americans were saving a smaller percentage of their incomes than were the populations of any other industrial country and even a smaller share than many nations of the Third World. Capital shortages, rising interest rates and lagging productivity became major concerns.

Liberals quickly disparaged such concerns as "trickle-down" economics. Yet, the so-called "trickle-down" system is the very foundation of all modern economic systems. And the results have not been a trickle but a raging flood that has given even those at the very bottom of the economic ladder access to luxuries denied to even the most powerful aristocrats of the past.

The Industrial Revolution

Perhaps when the leaders of the seven largest industrial democracies met at Louis XIV's palace at Versailles last summer, it occurred to at least some of them that when the Sun King resided at Versailles, he had no electricity, central heating or air conditioning, no flush toilets, telephones or television. And they might have contrasted their arrival by airliner and limousine with Louis' long and painful trips by horse-drawn carriage over dirt roads.

The reign of Louis XIV occurred near the end of the pre-industrial era. Only 61 years after Louis' death in 1715, Adam Smith published *The Wealth of Nations*. In fact, the death of the French Monarch and the birth of the Scottish philosopher were separated by only eight years. In the classical tradition which Smith began, capital played the central role:

> Wherever capital predominates, industry prevails. . . . Every increase or diminution of capital, therefore, naturally tends to increase or diminish the real quantity of industry, the number of productive hands, and, consequently . . . the real wealth and revenue of all its inhabitants.
>
> Capitals are increased by parsimony, and diminished by prodigality and misconduct.[3]

Keynes may have temporarily vanquished this idea in academic circles but he could not vanquish the chain of cause and effect which it stated. Smith was not forming abstract theory, but observing human actions.

It offends the egalitarian notions of many to accept that economies always advance from the top down, yet it defies logic to believe that growth can be based solely on poverty and consumption. A natural hierarchy

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

develops, where it can, of those who can invent and apply new devices and those whose talents lie in business, efficiently allocating resources (wealth/capital) in ways which enrich society as well as themselves. This hierarchy is not the static, class-bound structure of the feudal aristocracy, but one in which a broad spectrum of the population can take part. As Ludwig von Mises argued:

> One further observation must still be made about this matter of savings and capital formation. The improvement of well-being brought about by capitalism made it possible for the common man to save and thus to become a capitalist himself in a modest way. A considerable part of the capital working in American business is the counterpart of the savings of the masses.[4]

The development of capital markets, joint-stock companies and corporations, banks and other financial intermediaries provided the institutional framework for mobilizing the savings of the masses for productive use.

Prior to the wedding of capital and technology which spawned the Industrial Revolution, even the rich were limited by the fact that their wealth could only purchase the services of human or animal labor. Labor is a vital factor of production, but for the thousands of years when labor was essentially all mankind had to work with, it was not enough to raise the general standard of living much above subsistence. It was only with the rise of capitalism, both in the sense of physical capital in machinery, factories and power-plants and also in financial capital to support the implementation of technology, that modern industry was possible and men were able to raise their sights so that no goal has seemed beyond reach.

Yet capital, like all economic resources, is finite. Though it may be increased over time, at any particular point in time it is scarce relative to all the possible uses for it. What makes Keynesianism so heretical to sound economics is its denial of capital as a scarce resource and its unconcern for capital development and its productive allocation. And the principal offender in the Keynesian doctrine is the budget deficit.

When the government at any level runs a budget deficit, it must go into the capital market to finance it. This is the same capital market representing the same pool of savings that business and consumers depend on to finance their activities. The increase in demand for funds emanating from the government pushes up the price of capital, that is, interest rates. Some private borrowers find these higher rates a deterrent to borrowing. For business, some investment projects no longer yield a return high enough to cover the increased interest rates. These projects are canceled. For consumers,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

buying a new house or even an automobile is no longer feasible. Private economic activity thus slows down, production declines and some workers lose their jobs.

Years of Malinvestment

Over time, the diversion of capital from productive private use to nonproductive government programs results in deterioration of the very structure of the economy. The federal government has run a deficit every year since 1969, which means capital withdrawn from the private sector is never replaced by repayment of the debt. In 1969, Federal debt held by private investors in the United States was $222.8 billion. At the end of the second quarter of 1982 this figure had grown to $736.9 billion, indicating that the government had absorbed $514.1 billion in capital during the intervening years.[5] The sum would have been even higher had not foreign investors purchased $129.5 billion in United States Federal debt during the same period. But since some of this foreign capital would have been invested in industry in the United States had it not gone into government debt, this is also a loss to the economy.

With future budget deficits expected to run over $100 billion per year, the fear is that the government will divert between one-third and one-half of all the available capital to the national debt between 1982 and 1985 unless major changes in government expenditure policy are undertaken. However, as important as it is to balance the budget, it is also important that the deficit be eliminated in the right way. Raising taxes will do as much harm as good.

Postponing the third installment of the tax cuts voted in 1981 and scheduled for 1983 will close off a potential increase in capital formation just as it is about to produce results. The first two installments of the tax cuts, with their reduction in taxation and their increased incentives for saving, have produced real, though modest, results. In 1980, Americans were saving only 5.5 per cent of their incomes, but by the end of the third quarter of 1982 this had increased to 8.8 per cent. The completion of the program might just be enough to boost the United States savings rate into the lower end of the rates enjoyed by the rest of the industrial countries (which range from 10 per cent for Canada to 30 per cent for Japan on average.)

Attempts to raise taxes in other areas will also be counterproductive. The impact of taxes on business earnings or returns from investment are obviously harmful. Increasing taxes to bail out the nearly insolvent Social Security system would also syphon funds out of the private sector. The Social Security system, unlike private pension plans,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

does not convert premiums into investments. Instead the system pays out its benefits from current revenue. This simply makes Social Security another mechanism for converting capital into consumption.

Cut Spending

The only method of reducing the deficit which will yield the benefits of economic growth and job creation is to cut spending. How much should be cut? An estimated budget deficit of $115 billion for fiscal 1983 does not require a spending cut of that same magnitude. An economic recovery will close much of the deficit automatically by expanding the tax base. What is needed is a spending cut to reduce that part of the deficit in excess of this amount so that recovery can proceed in a timely fashion. Cutting $30 billion from currently planned expenditures should be sufficient, though additional cuts in 1984 might be necessary if the deficit fails to close fast enough during the recovery to prevent another spiral upward in interest rates.

Interest rates will be an indicator during the recovery of the balance between private and public demand for borrowed funds. As the recovery progresses, private borrowing, particularly by business will increase. If government borrowing does not decline at the same pace or faster, interest rates will move upward and could choke off the recovery.

Balancing the budget during the economic recovery will eliminate that part of unemployment which is due to the recession. That part of unemployment which is due to the decline of American industry will take longer to correct. American industry did not deteriorate overnight and it will not be rebuilt overnight. The economy is faced with a productivity crisis of the first magnitude. This is most apparent in those sectors where foreign competition has advanced into formerly American markets displacing not only American-made products but also the workers who manufacture them. However, the decline of productivity is an economy-wide phenomenon. The consequence may not always show up in lay-offs, it may work in ways which are "invisible" such as fewer new jobs created or lower real wages for those who hold jobs. Whichever way the results are felt, it is the workers who suffer.

We know from the research of growth specialists like Frederick W. Taylor and Simon Kuznets and from observing contemporary systems like that of Japan, that productivity can be multiplied, perhaps indefinitely. But the method for achieving this is not to make workers work "harder" as some would have it, but to enable workers to work "smarter" by providing them better tools and organization. As Peter F. Drucker has argued, it is not the individual worker who is productive in the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

modern economy, it is the industrial system which is productive. It is by combining labor and capital in harmony that productivity is found. When unemployment exists it means that this harmony has been disrupted. Labor is available, but its partner capital is not.

Capital is the future. It is the provision for the risks, the uncertainties, the changes and the jobs of tomorrow. . . . An economy that does not form enough capital to cover its future costs is an economy that condemns itself to decline and continuing crisis, the crisis of stagflation.[6]

If this long-term problem of productivity and jobs is to be solved, there must be a long-run commitment to limiting the adverse effects of government spending on the economy. Fiscal policy must not only encourage capital formation (primarily by ceasing to place obstacles in its path) but must cease to divert the capital so formed into nonproductive programs. For if the capital is available and the tax and regulatory environments are conducive to entreprenuerial activity, then the process of reindustrialization will bear fruit. In fact, entire new industries based on computer and other high technology processes are in the offing provided that American business is in a position to act. It would be a tragedy of the first order if these new opportunities are missed because reforms in government policy were not implemented.

A Time for Change

The advent of massive deficits in the 1970s followed by economic stagnation and persistent high unemployment have created the conditions for both intellectual and policy changes. The advocates of fiscal responsibility, limited government and capital formation have made headway but have not yet fully seized the moment.

As the November elections revealed, the unemployed are still the prey of those who champion larger government expenditures and debt. This must change. As the chief beneficiaries of expanded capital investment, the unemployed should become the natural allies of the movement to balance the Federal budget.

—FOOTNOTES—

[1]Even when the economy is operating at what is considered to be full employment, the unemployment rate is about five percent due to people being temporarily, and voluntarily, between jobs.

[2]John Maynard Keynes, *The General Theory of Employment, Interest and Money* (Harcourt, Brace & Co., 1936) p. 373.

[3]Adam Smith, *The Wealth of Nations* (Modern Library, 1937) pp. 320–21.

[4]Ludwig von Mises, "Wages, Unemployment and Inflation," *Planning for Freedom* (Libertarian Press, 1974) p. 160.

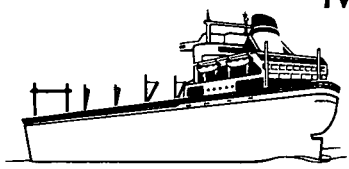
[5]*Monetary Trends* (Federal Reserve Bank of St. Louis) September 23, 1982, p. 13.

[6]Peter F. Drucker, "Towards the Next Economics," *The Crisis in Economic Theory*, Daniel Bell and Irving Kristol, editors (Basic Books, 1981) p. 11.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Michael B. Cohn

MARITIME SUBSIDIES: OVERREGULATION



THREE TRUISMS characterize a free market. First, production for the profit motive is production that is best. No one works harder or more efficiently to produce a good or service than one desiring to further his economic standing. Second, money spent by one who earns it is money spent best. Third, the free market allocates resources best. The most efficient way for buyers and sellers to meet for business is in a free market. The negative consequences of overriding these truisms may be evidenced in the history of the American Merchant Marine.

In the United States, preoccupation with our Merchant Marine dates back to 1789 when the very first act of the first Congress imposed a protective tariff on imported goods and allowed a ten percent reduction on goods imported on U.S. vessels. A heavier port tonnage tax was also levied on foreign built and owned vessels. Further, only vessels built in the United States could be registered under the American flag and this stipulation was to have serious consequences.

In those early days the maritime industry prospered. The availability of craftsmen and abundance of wood supplies made American ships less expensive and some of the best in the world market. Prior to the Civil War, American shipping reached its golden age, providing capital and income for the young nation. However, when metal vessels replaced wooden ones and steam-powered vessels replaced sailing ones, American shipbuilders were faced with higher construction costs.[1] These expenditures and the restrictive legislation of 1789, which prohibited the registration of foreign ships under the American flag, contributed to the decline of American trade on American vessels. From 1846 to 1914 the share of American trade carried on

Dr. Cohn is Assistant Professor of Economics at the United States Merchant Marine Academy, Kings Point, New York.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

U.S. vessels by weight, dropped from more than 80 percent to about 10 percent.

A severe shortage of ships occurred during World War I as a result of both the Act of 1789 and the conditions imposed by the war. President Woodrow Wilson had sought legislation for government ownership and operation of fifty merchant vessels. This led to the Shipping Act of 1916, which was a first attempt to impose economic regulations on the maritime industry and also established the U.S. Shipping Board that was authorized to spend $50 million to buy or lease 50 vessels.

The government's efforts at ship ownership proved very wasteful, costing $3.3 billion, as opposed to the $50 million which was initially planned. Although a wartime project, the Board continued the building of vessels even after the armistice, and was left with a huge fleet to dispose of. The Merchant Marine Act of 1920 set a national policy that the U.S. should have an American-owned merchant marine to carry the majority of its commerce and authorized the disposal of the wartime fleet. But the collapse of the shipping boom in 1922 left the nation with a supply of vessels in excess of demand. Some of the ships costing the government $200–250 a ton were sold for as little as $8 a ton.[2]

The disposal of the war-built fleet also caused a cessation in the construction of ocean-going vessels from 1922–1928. The Merchant Marine Act of 1928 provided subsidies to the industry under the guise of ocean-mail contracts and established a construction loan fund. Both these projects failed. Scandals accompanied payment of the subsidies and the need for ocean-going vessels dropped dramatically when the depression came: another failure of government intervention.

Merchant Marine Act of 1936

To remedy this situation, the Merchant Marine Act of 1936 provided direct subsidies to the industry and established The U.S. Maritime Commission, whose authority included distribution of these subsidies. Due to the wartime conditions, the 1936 act was not tested until the end of the 1940s. In 1950 the Maritime Commission was abolished, but eventually its functions were passed on to the Maritime Administration.

The rationale behind the subsidies was that they would allow American builders and operators to reach parity with foreign competitors offering lower prices because of lower wage payments and subsidies they received from their governments. Since it is felt that a Merchant Marine is essential to the nation in case of war or other emergency, American subsidies are given, in the form of construction

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

differential subsidies and operating differential subsidies. The huge sum of $9,161,838,288 was paid out from 1936–1980. The percentage of subsidies to total receipts of international ocean transportation has been declining, from 17.3 percent in 1965, to 11.9 percent in 1975, then to 7.83 percent in 1980.[3] But despite their relative decline, their success has been slight indeed. For the same years mentioned, the share of U.S. oceanborne trade, by value, aboard U.S. flag ships, has fallen from 21 percent to 18 percent and then to 14 percent respectively.[4]

Further Subsidies?

In the post World War II period there has been a constant decline in the U.S. share of oceanborne trade. To stem this decline, Congress passed the Merchant Marine Act of 1970. This new act set policy goals and dealt with the entire fleet, but it was merely an update of the act of 1936. The frustration of Congress can be seen in this latest legislation. The Merchant Marine Act of 1970 established a seven-member commission, known as the Commission of American Shipbuilding, to study the American shipbuilding industry's productivity and cost-cutting measures and then to make recommendations to the President and to Congress.[5]

It is not necessary to seek artificial means to improve productivity. The dynamics of a free market always hold true. Remove subsidies and restrictions from the industry. Allow shipping firms to pool their cargoes and share their profits as foreign companies do. In short, allow the American companies to compete with the same freedom that foreign governments allow their shipping companies.

The American worker has been the highest paid and most productive historically, and will increase his productivity if his wages depend on it. Shipping companies will always spend their own money more economically than government subsidies. If American companies are given the liberty that foreign companies enjoy, they would best utilize the resources at their disposal to compete in the international market. It is not necessary for a commission to tell us how to be more productive, we need only turn to basic economic principles.

—FOOTNOTES—

[1]Clinton Whitehurst, Jr., "A Maritime Policy and Program for the Eighties and Beyond," *Defense Transportation Journal* (February, 1982) 76–82.

[2]Paul Zeis, *American Shipping Policy* (Princeton, N.J.: Princeton University Press, 1938), pp. 95–98, 125–141, 154–165.

[3]Maritime Administration, *Annual Report, 1980.*

[4]*Statistical Abstracts of the United States 1981,* Section 23, Transportation—Air and Water.

[5]Vol. 84, *Statutes at Large,* Public Law 91–469.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Businessman in American Literature

We do make some progress. Just when TV is being charged with perpetuating the ancient stereotype of the businessman as Con Man and Scrooge, Emily Stipes Watts, a professor of English at the University of Illinois, has discovered a new attitude toward business among American novelists. Her evidence, presented in considerable detail in her *The Businessman in American Literature* (Athens, GA, The University of Georgia Press, 183 pp., $16.00), depends on a corporal's guard of novelists—Stanley Elkin, James Dickey, Ken Kesey—who are hardly household names; and "corporate capitalism," as something distinct from small business, gets few plus marks even from a new breed of writer that has turned against the socialists. But the air, in Emily Watts' pages, is cleared of a lot of cant as she moves toward her conclusion that "private capitalism provides the framework for a pluralistic society in which the individual and the *civitas* are suspended in a paradoxical but healthy relationship."

To be sure, American writers for long periods of time have not been concerned with business as such. Herman Melville's *Moby Dick* describes the whaling ship as a factory for killing and processing whales, and greed is undeniably a motive in financing the whale-catching voyage of the Pequod. But Melville was only incidentally concerned with the utilitarian worries of whale ship proprietors. What really interested him was the metaphysical monomania of his Captain Ahab. Melville, along with Thoreau and Emerson and the Transcendentalists of the pre-Civil War Golden Day, was troubled with larger questions of Good and Evil in a world in which Sam Slick, Johnson Hooper's rascally character, could anticipate pragmatism with his "It's good to be shifty in a new country."

Authorship, in pre-industrial times, had been bound up with aristocratic patronage, and the writer in America was faced with a make-do situation simply because there were no noble lords in a new society to

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

pay a scribbler's way. Mark Twain, Henry James and William Dean Howells, the Big Three of post-Civil War times, did the best they could in an insensitive world. Twain was a tramp printer; Howells got his writing start by producing a hack campaign biography for Abraham Lincoln, which led to a political appointment as consul. Twain had his fun with business villains in *The Gilded Age,* but he was personally entranced with inventors and with the Yankee ingenuity of his Connecticut mechanic who visited the court of King Arthur.

Henry James, the novelist who wrote like a philosopher while his brother William, the philosopher, was writing like a novelist, did not hate business as such. He merely deplored the fact that in its native form it left Christopher Newman of *The American* (1877) very little time for culture.

As for Howells, his ethical preoccupation led to an early dalliance with Edward Bellamy-style socialism. What bothered Howells about his entrepreneurial Silas Laphams and Jacob Dryfooses, millionaires, was the atrophy of their generous instincts in pursuit of success. What escaped Howells was the fact that Silas Lapham's paint had both utilitarian and esthetic uses that justified the business that produced it, and what escaped James was the circumstance that Christopher Newman had first to earn the money that enabled him to take his cultural *Wanderjahr* in Europe.

Signs of Envy

The American fiction writer was anti-bourgeois before he was pro-socialist. Writers belonged to Grub Street, and if they could not catch on in journalism their natural habitat was the garret where idealism had to struggle to repress envy. Naturally they saw business largely from the outside. Dreiser could be both fascinated and repelled by the amoral energies of Frank Cowperwood, his fictional traction magnate of *The Titan,* but he missed the point that it was a truly responsible man, Thomas Edison, who had brought electricity to the cities and made the five-cent fare possible even in spite of monopolistic financiers.

The anti-bourgeois writer easily went over to socialism. Upton Sinclair saw only a vicious spirit of competition in the Chicago packers who disassembled hogs without hearing "the hog-squeal of the universe." Sinclair changed the law as it affected sanitary conditions in Packingtown, but he was not satisfied with that. Frank Norris, in depicting the Southern Pacific Railroad as an "octopus," tried to take solace in the fact that the wheat of the San Joaquin valley got to market despite the railroad robber barons. But he was troubled by the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

gambling element involved in marketing the wheat once it was out of the grain elevators and off the trains.

With Sinclair Lewis, who had gone to college in the muckrake era, the derogation of the businessman took on a Menckenian finesse. Babbitt believed in go-getting, and he skirted the edge of sharp practice. But he had his pathetic side. He was not the heartless capitalist of the proletarian novels, and he was aware of the shallowness of his life. He could return from his fishing trips in the Maine woods with new resolutions which he quickly forgot.

Gertrude Stein's Influence

Emily Watts, with an ear for nuance, credits Gertrude Stein, Ernest Hemingway's mentor, with a most influential defense of private capitalism in the mid-Thirties. Writing in the *Saturday Evening Post,* Miss Stein asked a simple question, "Is Money Money or Isn't Money Money?" "When you earn money and spend money," she said, "anybody can know the difference between a million and three. But when you vote money away there isn't any difference between a million and three."

That put Gertrude Stein in the anti-Keynesian, anti-Marxian camp, and it seemed to pull other ex-radical writers (E. E. Cummings, John Dos Passos) with her. The fictional businessman Merton was provided with some quite convincing lines by Edna St. Vincent Millay in her long poem, "Conversation at Midnight." With Gertrude Stein pointing the way, the "lost generation" managed by degrees to find themselves on the side of common sense. The businessman in fiction became as other people, a human being to be judged in terms of his own sensibilities, which might be those of any professional faced with the necessity of both making a living and discharging his duties as a citizen.

Emily Watts is a deft researcher and excellent summarizer, but she has overlooked some points. She sets Willa Cather down as anti-business on the basis of Cather short stories, but it was a businessman, Fred Ottenburg, who pushed the operatic career of Thea Kronborg in Cather's *The Song of the Lark.* And one looks

John Chamberlain's book reviews have been a regular feature of *The Freeman* since 1950. We are doubly grateful to John and to Henry Regnery for now making available John's autobiography, *A Life with the Printed Word.* Copies of this remarkable account of a man and his times—our times—are available at $12.95 from The Foundation for Economic Education, Irvington-on-Hudson, New York 10533.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

in vain in Emily Watts' book for the name of Garet Garrett, who, in addition to his purely economic writing, gave us some remarkable novels about business. Garrett's *The Driver*, a novel based on the life of E. H. Harriman of the Union Pacific, was surely worth a glance. And ditto for Booth Tarkington's *The Plutocrat*.

THE CASE FOR GOLD: A MINORITY REPORT OF THE U.S. GOLD COMMISSION
by Ron Paul and Lewis Lehrman
(CATO Institute, 224 Second Street, S.E., Washington, D.C. 20003), 1982
226 pages ■ $8.95 paper

Reviewed by Tommy W. Rogers

The Case for Gold is more significant in analysis and insight than its title might imply. It is a record of the political economy and banking of the United States as they have evolved in history. It is an important reinterpretation of American history with respect to the uses of the public treasury by financial interests, and of the accompanying struggles, manipulations, and political developments. The book traces the recent economic decline, details the process by which the dollar has lost public trust and has suffered decreased purchasing power, and proposes specific reforms predicated on a monetary standard. It is a specific defense of the political, economic, and moral desirability of an honest money standard.

This book is anything but a compilation of esoteric statistical data; it is both original and restorative. It contains just about everything one would ask about the history, significance, and importance of the gold standard, past, present, and future, if one knew enough to ask the right questions. The implications of the topic dealt with are enormous; the penalty for public failure to come to grips with the truths presented here would be severe.

This is not to say that *The Case for Gold* is a sensationalist work, for it is not. It is not written with exclamation marks! Honest money (redeemable specie measured by a known standard of value) versus the continuation of politically manipulable fiat paper money which is undefined by, is not redeemable in, and is not backed by specie of specific value, poses questions of such intense reverberation that realism speaks in unfettered terms of the cataclysmic consequences of continuing failure to respect and abide by fundamental economic law.

The question of fiat political money versus honest money poses some of the most dramatic and consequential political and economic issues of the day. The question of honest money, of necessity, goes to the essence of freedom, liberty, limited

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

government, the role of law, and prospects for economic growth and business predictably. The importance of public understanding and willingness to take appropriate curative steps can scarcely be overemphasized or exaggerated.

Paul and Lehrman make an explicit case for the desirability of an honest money standard (a requirement gold suitably meets) with respect to its political, moral and economic parameters. It was not until August 15, 1971, that the United States severed the last link between the dollar and gold. This act ushered in a new era of inflationary psychology and lack of trust. Gold has value of itself; paper does not. As Thomas Jefferson stated in debate over the money issue in 1784: "If we determine that a dollar shall be our unit, we must then say with precision what a dollar is." From 1792 until August 15, 1971, the dollar was defined as a precise weight of either gold or silver. For the last decade, the dollar has been undefined and unbacked. It is sustained only by popular faith, and that faith has declined steadily. The dollar, in consequence, is worth only about one-third of what it was worth in 1971, as measured by its command over goods and services. The loss of definition of the monetary unit is directly related to the financial and economic problems of today.

The institutionalization of money-creating powers in the Federal Reserve has not and cannot perform the economic miracle of turning stones into bread. Paul and Lehrman argue that the entire process—the creation of the Federal Reserve in 1913, President Roosevelt's confiscation of privately owned gold and devaluation of the dollar in 1934, withdrawal of silver certificates from circulation and the debasement of coinage and its replacement by copper sandwiches for coins in the 1960s, terminating with the ending of the international convertibility of the dollar into gold in 1971—"is a catalogue of broken promises and outright theft on the part of the federal government as it sought to substitute a managed, irredeemable paper money for a gold standard."

Elimination of honest money, that is, of money as a commodity defined precisely by weight—is a threat to freedom itself. John Locke argued that the right of the individual to own gold was a civil liberty equal in importance to the liberty to speak, write, or practice one's own religion. When the Founding Fathers wrote the U.S. Constitution in the summer of 1787, the debacle of the paper money issued by the Continental Congress was fresh in their minds. The framers of the American Constitution, men who were greatly influenced by both English Common Law and biblical law, regarded money as "a weight of precious metal,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

not a weightless piece of paper with green ink printed on it." The authors contend that today's paper money system, issued by a coercive banking monopoly, has no basis in the Constitution. It is, they state, "a form of taxation without representation, and a denial of the hard fought and won principle of consent before payment of taxes," and is a blatant contradiction of the Constitutional provision restricting legal tender to gold and silver.

Chapter one of *The Case for Gold* reviews the problem of persistent inflation and general economic havoc which have become accentuated by the last decade of paper money. Chapters two and three review the history of money and banking in the United States and the process by which we arrived at our present state of economic disorganization through paper currency. Chapter four sets forth arguments for monetary freedom based on historical experience with the free market and an absence of legal tender laws.

Chapter five makes the case for the gold standard. The authors dispose of the common objections, and set forth the benefits derived from sound money. These include low interest rates (anticipated to stablize at three to four per cent), accelerated real economic growth, increased savings, renewal of longterm financing, checking of government spending, and a growing economy with increasing demands for employment.

Chapter six outlines specific reforms that are needed to correct the blunders of the past. These include repeal of the legal tender laws, definition of the dollar in terms of a specific metallic unit, gold coinage by government and private mints, removal of monopoly privileges over money by the Federal Reserve, continuing audits of America's gold reserves, and deregulation of banking. Paul and Lehrman point out that there is no free entry into the banking business, which is largely centralized by the Federal Reserve and other federal and state regulatory agencies. Deregulation of banking, including free entry by simply filing the legal documents with the appropriate government clerk, is a must for monetary freedom.

The last chapter of *The Case for Gold* presents two contrasting scenarios for the next decade. One perspective, based on a gold standard and monetary freedom, moves toward longterm stability of prices and business growth with prosperity made possible by maintenance of a sound currency. The alternative is to continue the present course with irredeemable paper accompanied by accelerating rates of inflation and unemployment, the punishment of thrift, and the eventual spectre of whirlwind inflation and social chaos. Americans must choose.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

INTRODUCTION TO THE STUDY OF THE LAW OF THE CONSTITUTION
by A. V. Dicey
(Liberty Classics, 7440 North Shadeland, Indianapolis, Ind. 46250)
435 pages ■ $15.00 cloth; $7.00 paperback

Reviewed by Tommy W. Rogers

DICEY (1835–1922) held a professorship at Oxford for twenty-seven years. He was heir to the first academic post created specifically for the study of English law, the Vinerian Professorship at Oxford, established in 1758, and of which Sir William Blackstone was the first incumbent. The fruitfulness and productivity of Dicey's tenure in this chair was such as to make it known as the second founding. Dicey, said a subsequent incumbent, is entitled to a similar place in the legal literature of the nineteenth century as Blackstone holds in the history of legal literature in the eighteenth century.

Law of the Constitution—published in 1885, revised edition, 1915—was based on Dicey's professorial lectures. The "rule of law" idea is one of the organizing principles of the book. While Dicey did not create the phrase, he did bring the concept into currency and was responsible for the elaboration of its principles. The rule of law means one law for all men alike. It means that "no man can be made to suffer punishment or to pay damages for any conduct not definitely forbidden by law; every man's legal rights or liabilities are almost invariably determined by the ordinary Courts of the realm, and each man's individual rights are far less the result of our constitution than the basis on which that constitution is founded."

Dicey noted the emergence of administrative law between 1885 and 1914 with a corresponding decline in the ancient veneration for the rule of law in England; there was, he said "a marked tendency towards the use of lawless methods for the attainment of social or political ends." Dicey was referring to legislative acts which gave judicial or quasi-judicial authority to "officials who stand more or less in connection with, and therefore may be influenced by, the government of the day, and hence have in some cases excluded, and in others indirectly diminished, the authority of the law Courts."

Dicey contrasts the rule of law with administrative law which, he writes, was "unknown to English judges and counsel . . . In England, and in countries which, like the United States, derive their civilisation from English sources, the system of administrative law and the very principles on which it rests are in truth unknown."

Dicey, with his opposition to "law" propelled by administrative agen-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

cies as a contravention of the rule of law, would be astonished by the amount of discretionary authority which has come to be vested in regulatory agencies and tribunals of administrative law judges in our country today, which makes this classic study more pertinent than ever. ●

THE PORTABLE CONSERVATIVE READER
edited by Russell Kirk
(Viking/Penguin, Inc., 299 Murray Hill Pkwy., E. Rutherford, NJ 07073), 1982
723 pages ■ $6.95 paperback

HERE, in one handy sized volume, is a little library of distinguished writing—prose, poetry, fiction, fable and myth. The anthology opens with Burke, as is fitting; forty-five pages of selections from four of his works. Then there is Adams, Hamilton, Calhoun and Cooper; Tocqueville, Disraeli, Newman and Bagehot. From the modern period there is Santayana, More, Babbitt, C. S. Lewis, T. S. Eliot, and a score of others. It all adds up to hours of reading pleasure.

Where else will you conveniently find Macaulay's letters to Randall, Hawthorne's fantasy called "Earth's Holocaust," Kipling's fable of "The Mother Hive," Conrad's "The Informer," or "The Liberal Death Wish" by Muggeridge? The imagination kindles while the intellect gets a workout.

These selections reflect Dr. Kirk's far ranging mind in the area of man as a social being seeking freedom and order in the company of his fellows. His Introduction sets forth the essential features of the Conservative outlook and disposition, and the authors he has chosen reveal the depth and several dimensions of this philosophy.

Russell Kirk burst upon the world about twenty books ago with his *Conservative Mind* (1953). Four years later he launched a quarterly review, *Modern Age,* which has just published its Silver Jubilee Issue—248 pages of the best articles which have appeared during its first twenty-five years. There are appreciations of Mises, Hayek, Weaver, Strauss, Vivas and others. The Austrian School is surveyed by Albert Zlabinger. Several scholars assay Conservative thought during the past generation, and others explore its principal fountainhead, the philosophy of Edmund Burke.

Intellectual history has been made in our time, and *Modern Age* has played a significant role. (Copies of this Summer/Fall 1982 issue are available @ $2.50 by writing to *Modern Age* at 14 South Bryn Mawr Avenue, Bryn Mawr, PA 19010.) ●

—Edmund A. Opitz
Book Review Editor

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

IDEAS HAVE CONSEQUENCES

Any idea becomes our own as we are exposed to it and accept it and practice it and can explain it to friends—all done without coercion.

This pretty well describes the activities of FEE—seeking, practicing, sharing ideas on liberty, that liberty which Lord Acton identified as "the assurance that every man shall be protected in doing what he believes his duty against the influence of authority and majorities, custom and opinion." If you'd care to join in pursuit of such ideas and ideals, just use the form below to reserve your place on **The Freeman** mailing list.

If you're already on the mailing list, but have a new address, please use this form to let us know of the change and to minimize any delays in delivery.

Sorry, this is not a mailing card; please enclose in a stamped envelope.

THE FOUNDATION FOR ECONOMIC EDUCATION
IRVINGTON-ON-HUDSON, NEW YORK 10533

☐ Please add my name to receive THE FREEMAN, 64-page monthly study journal of free market, private property, limited government ideas and ideals; plus NOTES FROM FEE, a 4-pager devoted to libertarian methods, issued every other month.

☐ I'm already on your mailing list, but have a new address, as below.

Name _____ (Please print)

Street _____

City _____ State _____

Zip Code _____

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

MARCH 1983

Illegal Aliens	Hans F. Sennholz	131
A Legal System for a Free Society	Bertel M. Sparks	135
Where Figures Fail: Measuring the Growth of Big Government	Robert Higgs	151
Free Enterprise in Space	Gary McGath	157
A Distant Voice Speaks to Us Today	John K. Williams	162
Democratic Freedoms vs. Collectivist Newspeak	Jack D. Douglas	169
Capital Deficits and Full Employment	William R. Hawkins	175
Maritime Subsidies: Overregulation	Michael B. Cohn	182
BOOKS:		
The Businessman in American Literature	John Chamberlain	185
Other Books		188

THE FOUNDATION FOR ECONOMIC EDUCATION, INC.
30 South Broadway
Irvington-on-Hudson, New York
10533

Non-profit organization
U.S. POSTAGE
PAID
Foundation for
Economic Education, Inc.

MR. RICHARD G. NEAL
3701 S.GEO.MASON DR., 1715N
FALLS CHURCH VA 22041

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED